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

FORM 8-K/A
Amendment No. 1

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

Date of Report (Date of earliest event reported): October 16, 2020

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

Delaware	001-34927	57-6218917
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

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

Delaware	001-34926	20-3812051
(State or other jurisdiction of incorporation)	(Commission File Number)	(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. ☐

Explanatory Note

As previously disclosed, on October 16, 2020, Compass Group Diversified Holdings LLC (the "Company") and Compass Diversified Holdings ("Holdings," and together with the Company, collectively “CODI”, “us” or “we”) through its newly formed acquisition subsidiaries, BOA Holdings Inc., a Delaware corporation (“BOA Holdings”) and BOA Parent Inc., a Delaware corporation (“Buyer”) and a wholly-owned subsidiary of BOA Holdings, acquired BOA Technology, Inc. and its subsidiaries pursuant to an Agreement and Plan of Merger (the “Agreement and Plan of Merger”) by and among Buyer, Reel Holding Corp., a Delaware corporation (“Reel”) and the sole stockholder of BOA Technology, Inc. ("Boa"), BOA Merger Sub Inc., a Delaware corporation and a wholly-owned subsidiary of Buyer (“Merger Sub”) and Shareholder Representative Services LLC (in its capacity as the representative of the stockholders of Reel). This Current Report on Form 8-K/A (the "Amended Report") updates the Current Report on Form 8-K filed by CODI on October 19, 2020 (the "Original Report") to include the audited consolidated financial statements of Boa and the unaudited pro forma financial information of CODI in accordance with Item 9.01 of Form 8-K. No other amendments to the Original Report are being made by the Amended Report.

Section 9 Financial Statements and Exhibits
Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

Pursuant to a letter dated November 6, 2020 (the “Relief Letter”), the Company has obtained relief from the Staff of the Securities and Exchange Commission, pursuant to its authority under Rule 3-13 of Regulation S-X, from the requirements of Rule 3-05 of Regulation of S-X to provide certain historical financial statements that would otherwise be required in connection with its acquisition of Reel. In accordance with the Relief Letter, the Company has substituted the audited historical consolidated financial statements of Boa for the year ended December 31, 2019 and the condensed consolidated financial statements of Boa for the nine months ended September 30, 2020 and 2019, in place of the consolidated financial statements of Reel as required by Rule 3-05 of Regulation S-X.

The audited consolidated financial statements of Boa for the fiscal year ended December 31, 2019 are attached hereto as Exhibit 99.1 and are incorporated by reference into this Item 9.01(a) and made a part hereof.

The unaudited condensed consolidated interim financial statements of Boa for the nine months ended September 30, 2020 and 2019 are attached hereto as Exhibit 99.2 and are incorporated by reference into this Item 9.01(a) and made a part thereof.

(b) Pro Forma Financial Information.

The following unaudited pro forma financial information of CODI is attached hereto as Exhibit 99.3 and is incorporated by reference into this Item 9.01(b) and made a part hereof: (i) unaudited condensed combined pro forma balance sheet at September 30, 2020 and notes thereto, and (ii) unaudited condensed combined pro forma statements of operations for the fiscal year ended December 31, 2019 and the nine months ended September 30, 2020 and notes thereto.
(d) Exhibits.

23.1	Consent of PricewaterhouseCoopers LLP
99.1	Audited consolidated financial statements of Boa as of and for the year ended December 31, 2019
99.2	Unaudited interim condensed consolidated financial statements of Boa as of and for the nine months ended September 30, 2020 and 2019
99.3	Unaudited condensed combined Pro Forma Balance Sheet of Compass Diversified Holdings at September 30, 2020 and notes thereto, and Unaudited condensed combined Pro Forma Statements of Operations for the year ended December 31, 2019 and the nine months ended September 30, 2020, and notes thereto
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: December 28, 2020	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: December 28, 2020	COMPASS GROUP DIVERSIFIED HOLDINGS LLC	
	By:	/s/ Ryan J. Faulkingham
		Ryan J. Faulkingham *Chief Financial Officer*

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-147217 and File No. 333-234665) of Compass Diversified Holdings of our report dated April 28, 2020, except for the effects of the revisions discussed under Adjustments to Financial Statements in Note 1 to the consolidated financial statements, as to which the date is December 28, 2020, relating to the financial statements of Boa Technology, Inc., which appears in this Current Report on Form 8-K/A.

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
December 28, 2020

Exhibit 99.1

Boa Technology Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2019

Boa Technology Inc. and Subsidiaries
Index
December 31, 2019

Report of Independent Auditors

To the Board of Directors of Boa Technology Inc.

We have audited the accompanying consolidated financial statements of Boa Technology Inc. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2019, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Boa Technology, Inc. and its subsidiaries as of December 31, 2019, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado
April 28, 2020, except for the effects of the revisions discussed under Adjustments to Financial Statements in Note 1 to the consolidated financial statements, as to which the date is December 28, 2020.

Boa Technology Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2019

		2019
Assets		
Current assets		
Cash and cash equivalents	$	50,174,174
Short-term investments		11,989,674
Trade accounts receivable, net		1,263,296
Inventory, net		5,904,112
Prepaid expenses and other current assets		824,274
Income tax receivable		109,367
Total current assets		70,264,897
Noncurrent assets		
Property, equipment and improvements, net		10,529,451
Patents, trademarks and licenses, pending		1,443,586
Patents, trademarks, licenses and capitalized development costs, net		2,220,641
Deposits and other assets		1,527,168
Total noncurrent assets		15,720,846
Total assets	$	85,985,743
Liabilities and Stockholder's Equity		
Current liabilities		
Accounts payable, trade	$	1,319,879
Accounts payable to related parties		1,716,758
Accrued expenses		4,266,823
Deferred revenue		2,451,429
Total current liabilities		9,754,889
Noncurrent liabilities		
Deferred lease incentive		2,174,567
Deferred rent		775,951
Deferred tax liabilties		52,374
Other liabilities		230,092
Total liabilities		12,987,873
Commitments and contingencies (Note 3)		
Stockholder's equity		
Common stock, $0.001 par value; 100 shares authorized; 100 shares issued and outstanding at December 31, 2019		—
Additional paid-in-capital		11,394,619
Retained earnings		61,605,964
Other comprehensive (loss)		(2,713)
Total stockholders' equity		72,997,870
Total liabilities and stockholders' equity	$	85,985,743

The accompanying notes are an integral part of these consolidated financial statements.

Boa Technology Inc. and Subsidiaries
Consolidated Statement of Operations
Year Ended December 31, 2019

		2019
Net sales	$	105,147,072
Net sales to related parties		1,129,172
Total sales, net		106,276,244
Cost of goods sold		16,287,960
Cost of goods sold related parties		28,744,261
Total cost of goods sold		45,032,221
Gross profit		61,244,023
Operating expenses		37,860,499
Operating income		23,383,524
Other income (expense)		
Interest and dividend income		939,749
Other (expense) income, net		(50,249)
Income before provision for income taxes		24,273,024
Provision for income taxes		(5,452,356)
Net income	$	18,820,668

The accompanying notes are an integral part of these consolidated financial statements.

Boa Technology Inc. and Subsidiaries
Consolidated Statement of Changes in Stockholder's Equity
Year Ended December 31, 2019

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total
Balances at December 31, 2018	100	$ —	$ 10,410,517	$ 42,785,296	$ —	$ 53,195,813
Stock-based compensation expense	—	—	610,649	—	—	610,649
Capital contributions - options	—	—	373,453	—	—	373,453
Net income	—	—	—	18,820,668	—	18,820,668
Other comprehensive (loss)	—	—	—	—	(2,713)	(2,713)
Balances at December 31, 2019	100	$ —	$ 11,394,619	$ 61,605,964	$ (2,713)	$ 72,997,870

The accompanying notes are an integral part of these consolidated financial statements.

Boa Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

		2019
Cash flows from operating activities:		
Net income	$	18,820,668
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		3,981,805
Stock-based compensation		610,649
Loss on disposal of property, equipment and improvements		32,635
Write-off of patent rights		16,109
Deferred taxes		98,410
Net changes in assets and liabilities		
Trade accounts receivable, net		1,062,379
Inventory, net		(1,272,896)
Prepaid expenses and other current assets		640,814
Deposits and other assets		(290,617)
Accounts payable, trade		(674,166)
Accounts payable due to related parties		(968,816)
Accrued expenses		364,343
Deferred rent		142,230
Income tax payable/receivable		280,249
Deferred revenue		1,259,173
Other liabilities		53,822
Net cash provided by operating activities		24,156,791
Cash flows from investing activities		
Purchases of short-term investments		(11,989,674)
Acquisition of property, equipment and improvements		(3,960,313)
Development of patent rights		(676,916)
Deferred lease incentive		(423,838)
Net cash used in investing activities		(17,050,741)
Cash flows from financing activities		
Proceeds from capital contributions - Options		373,453
Net cash used in financing activities		373,453
Net increase in cash		7,479,503
Cash and cash equivalents		
Beginning of year		42,694,671
Ending of year	$	50,174,174
Supplemental disclosures of cash flow information		
Cash paid for income taxes	$	5,019,876
Noncash activity		
Accrued purchases of property, equipment and improvements	$	139,264
Accrued development of patent rights		99,589
Tenant improvements paid by lessor		63,000

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Boa Technology Inc. (Boa or the Company) was formed in the State of Colorado on August 5, 1998. Boa was converted to a corporation in the State of Delaware on August 7, 2012. Boa is a wholly owned subsidiary of Reel Holding Corporation (Reel or Parent). Reel was formed in the State of Delaware on May 17, 2012. Reel owns 100% of the equity interest in Boa. Boa's wholly owned subsidiary, Boa Technology Hong Kong Ltd (BHK), was incorporated in Hong Kong, China on February 12, 2010 to provide warehousing, distribution and logistics capabilities in Asia. Boa's wholly owned subsidiary, Boa Technology Shenzhen Representative Office (SZRO), was incorporated in Shenzhen, China on September 14, 2011 to provide factory development support and quality control activities. Boa's wholly owned subsidiary, Boa Technology GmbH, was incorporated in Mondsee, Austria on May 8, 2013 to provide sales, marketing and customer support activities. Boa's wholly owned subsidiaries, Boa Technology Japan Inc. and Boa Technology Korea Inc., were incorporated in Chiba, Japan and Seoul, South Korea, respectively, on January 21, 2016 to provide sales, marketing and customer support activities. BHK's wholly owned subsidiary, Boa Technology Shanghai Ltd, was incorporated in Shanghai, China on March 29, 2018 to provide sales, marketing, customer support, warehousing, distribution and logistics activities. BHK's wholly owned subsidiary, Boa Technology Shenzhen Ltd, was incorporated in Shenzhen, China on July 23, 2019 to provide sales, marketing, customer support, warehousing, distribution and logistics activities.

The Company develops and manufactures dial-based performance fit systems. The Company is headquartered in Denver, Colorado, USA but contract manufacturing, factory development support and distribution is conducted globally. The Company's products are marketed throughout the world.

Summary of Significant Accounting Policies

Basis of Presentation

The Company follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of operation and cash flows. References to Generally Accepted Accounting Principles in the United States (GAAP) in these footnotes are to the FASB Accounting Standards Codification ™ (ASC or the Codification).

Adjustments to Financial Statements

Certain prior period amounts have been reclassified to conform to comply with the SEC's SX regulations. These reclassifications did not have a significant impact on the Company's consolidated financial statements. The following table presents the impact of the reclassifications on the consolidated balance sheet, consolidated statement of operations, and consolidated statement of cash flows.

The following table presents the impact of the reclassification on the consolidated balance sheet:

	As of December 31, 2019		
	As Previously Reported	**Related Party Disclosure**	**As Adjusted**
Accounts payable, trade	3,036,637	(1,716,758)	1,319,879
Accounts payable to related parties	—	1,716,758	1,716,758

The following table presents the impact of the reclassification on the consolidated statement of operations:

	Year Ended December 31, 2019		
	As Previously Reported	**Related Party Disclosure**	**As Adjusted**
Net sales	106,276,244	(1,129,172)	105,147,072
Net sales to related parties	—	1,129,172	1,129,172
Cost of goods sold	45,032,221	(28,744,261)	16,287,960
Cost of goods sold related parties	—	28,744,261	28,744,261

The following table presents the impact of the reclassification on the consolidated statement of cash flows:

	Year Ended December 31, 2019		
	As Previously Reported	**Related Party Disclosure**	**As Adjusted**
Accounts payable, trade	(1,642,982)	968,816	(674,166)
Accounts payable to related parties	—	(968,816)	(968,816)

New Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, Leases, which changes how the definition of a lease is applied and requires lessees to recognize assets and liabilities arising from operating leases on the balance sheet. Lessees and lessors are now required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach or use an optional transition method that allows lessees and lessors to continue recognizing and disclosing leases entered into prior to the adoption date under current GAAP. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date and the ability to use hindsight in evaluating lessee options to extend a lease, terminate a lease or to purchase the underlying asset. This ASU is effective for annual and interim reporting periods in 2019 for public entities. This ASU is effective for annual reporting periods in 2020 and interim reporting periods in 2021 for nonpublic entities. In 2018 and 2019, the FASB issued the following ASUs related to ASU 2016-02: ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases: Targeted Improvements; ASU 2018-20, Leases: Narrow-Scope Improvements for Lessors; and ASU 2019-01, Leases: Codification Improvements. All of the supplemental ASUs must be adopted simultaneously with ASU 2016-02. The Company is still evaluating the potential impact of this ASU on its consolidated financial statements and related disclosures, but believes it will have a material impact on the consolidated balance sheets only.

Principles of Consolidation

The financial statements as of December 31, 2019 present the consolidated financial position of the Company and the results of their operations and cash flows for the year then ended. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Other Comprehensive Income

Other comprehensive loss of $2,713 at December 31, 2019 consist of foreign currency translation adjustments.

Revenue Recognition

In May 2014, the FASB issued authoritative guidance related to revenue recognition from contracts with customers. Effective January 1, 2019, the Company adopted the guidance and recognizes revenue pursuant to Accounting Standards Codification 606 ("ASC 606"). The adoption of this guidance did not have, and is not expected to have, a significant impact on our reported revenues. No significant judgements were made when applying the guidance of ASC 606.

Revenue is recognized when the Company’s performance obligations are satisfied by transferring control of the product to the customer. Transfer of control is based upon shipment under free on board shipping point freight terms. Prepayment is required for most orders prior to shipment. Payments received prior to shipment are presented as deferred revenue until the product ships. The Company excludes from revenues taxes assessed by governmental authorities, including value-added and other sales-related taxes.

The Company provides its customers the right to return products that are damaged or defective. Revenue for the year ended December 31, 2019 has been reduced by $53,934 related to sales discounts and allowances.

Global Business Units reflect the way in which internally-reported financial information is used to make decisions and allocate resources. Revenue disaggregated by Global Business Unit is described below for the year ended December 31, 2019:

		2019
Athletic Business Unit		26,529,090
Mountain Business Unit		45,280,276
Professional Business Unit		34,466,878
Total Net Sales	$	106,276,244

Cash and Cash Equivalents
The Company considers currency and all marketable investments with original maturities of three months or less to be cash and cash equivalents.

The Company maintains bank accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC). During the year ended December 31, 2019, the Company had $57,054,451 of deposits in excess of FDIC limits.

Short-term Investments
Short-term investments consist of U.S. Treasury securities with original maturity dates greater than three months. The Company has classified all short-term investments as trading securities as of December 31, 2019. Short-term investments are carried at fair market value, with the change in fair value reported in Interest and dividend income in the consolidated statements of operations.

Trade Accounts Receivable
Trade accounts receivable are carried at their estimated collectible amounts and are periodically evaluated for collectability based on past credit history. The allowance for doubtful accounts represents the Company's estimate for uncollectible receivables based upon management's assessment of the probability of collection. The Company has estimated the allowance for doubtful accounts to be $55,000 as of December 31, 2019.

Inventory
Inventory is valued at standard cost which approximates using the first-in, first-out (FIFO) method and is valued at the lower of cost or net realizable value. All inventories are classified as finished goods. The Company evaluates inventory and records an allowance for obsolete and slow-moving inventory. This allowance is based on an ongoing analysis of product demand expected to occur over the next twelve months as well as usage history over the previous 24 months. Based on management's analysis, the allowance for obsolete and slow-moving inventory was $1,200,000 as of December 31, 2019.

Property, Equipment and Improvements
Property, equipment and improvements are stated at cost. Depreciation expense is provided by the use of the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Equipment	2-7 years
Sofware and computer equipment	3-5 years
Furntiture and fixtures	3-5 years
Tooling and molds	3 years
Vehicles	5 years
Leasehold improvements	Shorter of lease term or useful life

Property, equipment and improvements, net consist of the following at December 31, 2019:

		2019
Assets under construction	$	726,414
Equipment		3,308,323
Software and computer equipment		4,347,098
Furniture and fixtures		1,196,186
Vehicles		120,743
Leasehold improvements		5,743,821
Tooling and molds		8,677,430
		24,120,015
Less: Accumulated Depreciation		(13,590,564)
	$	10,529,451

Depreciation expense was $3,759,113 for the year ended December 31, 2019. Repairs and maintenance are charged to operations as incurred. Major renewals and betterments that extend the useful lives of property and equipment are capitalized.

Patents and Trademarks
Costs incurred to develop and successfully defend patents, trademarks and licenses are stated at cost. Amortization is provided by the shorter of the use of the straight-line method over 15 years (patents and licenses) and 20 years (trademarks) or the assigned life. Prior to the issuance of a patent, trademark or license, the associated costs are classified as patents, trademarks and licenses, pending on the consolidated balance sheets. Amortization begins once the patent, trademark or license is issued. The gross carrying amount of patents, trademarks and licenses issued was $3,125,439 as of December 31, 2019. Amortization expense for the year ended December 31, 2019 was $222,692. During the year ended December 31, 2019, there was $440,844 of pending patents that were transferred to issued patents.

The estimated aggregate future amortization expense for these assets is as follows:

Years Ending December 31,		
2020	$	233,593
2021		223,202
2022		223,202
2023		210,853
2024		193,095
Thereafter		1,136,696
	$	2,220,641

Warranty Reserve
In general, the Company warrants its products against defects and specific nonperformance. The Company began offering lifetime warranties during 2009. The Company records a warranty reserve based on historical information on the nature, frequency and average cost of warranty claims. The warranty reserve of $453,369 at December 31, 2019 is recorded in accrued expenses in the consolidated balance sheet. As of December 31, 2019, the Company has recorded warranty expense of $563,756 included in cost of goods sold in the consolidated statement of operations.

Advertising Costs
Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. Total advertising expense for the year ended December 31, 2019 was $1,576,375 and has been included in operating expenses in the consolidated statement of operations.

Income Taxes
The Company accounts for income taxes under the provisions of ASC 740, *Income Taxes.* Income taxes are

provided for the tax effects of transactions reported in the financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date. Investment tax credits are recognized as a reduction of income taxes in the period in which the credits are recognized. Valuation allowances are established to reduce the net deferred tax asset if it is determined to be more likely than not that all or some portion of the net deferred tax asset will not be realized.

The Company follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

The Company is not subject to examination by U.S. federal tax authorities for tax years before 2016 and state tax authorities for tax years before 2015. Interest and penalties, if any, are recorded by the Company within income tax expense.

Fair Value Measurements

The Company determines the fair market values of its financial instruments in accordance with ASC 820, *Fair Value Measurements and Disclosures* (ASC 820). The additional disclosures required about fair value measurements include, among other things, *(a)* the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs, *(b)* the gross, rather than net, basis for certain Level 3 roll-forward information, *(c)* use of a “class” basis rather than a “major category” basis for assets and liabilities, and *(d)* valuation techniques and inputs used to estimate Level 2 and Level 3 fair value measurements. The following information incorporates these new disclosure requirements.

Under accounting standards, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company categorizes the financial assets and liabilities carried at fair value in its consolidated balance sheets based upon a three-level valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable valuation inputs (Level 3). If the inputs used to measure a financial asset or liability cross different levels of the hierarchy, categorization is based on the lowest level input that is significant to the fair value measurement. Management’s assessment of the significance of a particular input to the overall fair value measurement of a financial asset or liability requires judgment, and considers factors specific to the asset or liability. The three levels are described below:

Level 1	Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
Level 2	Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
Level 3	Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also, includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The following is a description of the valuation methodologies used for instruments measured at fair value:

U.S. Treasury securities – Fair value is based on quoted market prices in active Markets.

The carrying value of receivables, payables and accrued expenses approximate fair value due to the short maturity of these instruments.

Concentrations of Credit Risk
For the year ended December 31, 2019, the following customers represent accounts receivable concentration risk:

Customer	Accounts Receivable 2019
A	24 %
B	14 %

The Company contracts with a vendor who manufactures inventory according to the Company's specifications. Although this could create a temporary risk to the Company should the vendor fail to meet contractual obligations, management believes that alternative vendors would be available if needed.

2. Stockholders' Equity

During 2012, the board of directors authorized 100 shares of $0.001 par value common stock. The Company's parent owns 100% of the issued and outstanding shares as of December 31, 2019.

Parent Stock Incentive Plan
In 2012, the Company's parent adopted an equity incentive plan to provide incentive stock options of common stock to employees, consultants, and board members of the Company. Therefore, the effects of the Parent's equity incentive plan have been pushed down to the Company's financial statements. The board of directors has authorized a total of 467,000 shares of common stock to be allocated under the 2012 plan. In 2015, the board of directors authorized an additional 65,000 shares of common stock to be allocated under the 2012 plan. In 2016, the board of directors authorized an additional 130,000 shares of common stock to be allocated under the 2012 plan. Unexercised options granted prior to the 2012 plan to individuals whose relationship with the Company has terminated are required to be forfeited and returned to the Company and are not available for future grant. Unexercised options granted under the 2012 plan to individuals whose relationship with the Company has terminated are required to be forfeited and returned to the Company for future grant. As of December 31, 2019, a total of 84,221 stock options are available for grant under the 2012 plan.

On March 1, 2018, The Company's parent authorized the repurchase of up to 180,949 shares of issued common stock for an aggregate value of $4,141,430. The transaction concluded on April 6, 2018 with 132,405 shares of issued common stock being repurchased at a price of $27.54 per share, for a total of $3,813,093. The amount repurchased includes direct transaction fees of $166,659.

During 2019, certain employee stock options were exercised for 27,789 shares of common stock at $0.0001 par value for cash of $373,453.

A summary of option activity for the year ended December 31, 2019 is as follows:

	Options	Weighted-Average Exercise Price
Options outstanding at December 31, 2018	483,837	$ 23.30
Granted	6,000	38.24
Exercised	(27,789)	13.44
Forfeited	(13,907)	26.18
Options outstanding at December 31, 2019	448,141	$ 24.03

The fair value of the underlying options on their grant date in 2019 was $11.14, as determined by the Black-Scholes-Merton valuation model. As of December 31, 2019, there was a total of $1,539,343 of unrecognized expense remaining to be recognized over a weighted-average period of 2.2 years.

The following summarizes information about stock options outstanding and exercisable as of December 31, 2019:

2019					
	Options Outstanding			Options Exercisable	
Exercise Price	Number of Options	Weighted-Average Remaining Contractual Life	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price
$ 3.60	4,420	1.8 years	$ 3.60	4,420	$ 3.60
11.70	72,756	3.4 years	11.70	72,756	11.70
12.25	13,144	4.1 years	12.25	13,144	12.25
17.23	39,531	5.2 years	17.23	38,156	17.23
22.86	40,650	6.4 years	22.86	30,188	22.86
27.01	218,250	8.0 years	27.01	103,875	27.01
27.54	3,500	8.6 years	27.54	875	27.54
38.24	55,890	9.0 years	38.24	9,850	38.24
	448,141		$ 24.03	273,264	$ 20.43

The total fair value of options vested during the year ended December 31, 2019, based on fair values ranging from $5.30 to $11.67 per share, was $610,649 and has been recorded as compensation expense in operating expenses in the consolidated statement of operations. The intrinsic value of stock options exercised during the year ended December 31, 2019 was $703,988.

The fair value of options was estimated using the Black-Scholes-Merton valuation model requiring the use of subjective valuation assumptions. The Black-Scholes-Merton valuation model requires several inputs, including the expected stock price volatility and expected option term.

The fair value of options granted in 2019 was estimated using the following assumptions:

	2019
Risk-free interest rate	1.9%
Expected dividend yield	None
Expected volatility factor	32.2%
Expected option term	6.5 years
Expected forfeitures	26.9%

The risk-free interest rate is based on the U.S. Treasury rate at the date of grant. The volatility factor was determined based on available market data for similar companies. No dividends are expected to be paid. Forfeitures and option life have been estimated by the Company based upon historical experience under the plan.

Parent Phantom Stock Plan
In 2015, the Company's parent adopted a phantom stock incentive plan to provide shares of phantom stock to foreign employees of the Company. The Board of Directors has authorized a total of 125,000 shares of phantom stock to be allocated under the 2015 plan. The liability associated with the plan is calculated as the difference between the fair market value of the Company's stock price at the time of a change in control and the value assigned to each share at the time of grant, and is only triggered by a change in control. As a result, the effects of the plan will only be recorded at the time a change in control becomes probable. Phantom stockholders are required to be employed by the Company at the time of a change in control in order to vest in the award. Awards to individuals whose relationship with the Company has terminated are required to be forfeited and returned to the Company for future grant. As of December 31, 2019, a total of 46,750 shares of phantom stock are available for grant under the 2015 plan.

The following summarizes information about phantom stock outstanding as of December 31, 2019:

	2019	
	Phantom Stock Outstanding	
Grant Price		**Number of Options**
$	17.23	43,500
	22.86	20,500
	27.01	6,250
	27.54	5,000
	38.24	3,000
		78,250

3. Commitments and Contingencies

Leases
The Company has entered into various leases for the use of office space. The leases require payments ranging from $3,303 to $329,201 per month, and expire at various times through July 2028. The Company also has a lease for office equipment that expires in October 2024. Certain leases include fixed rent increase provisions.

The minimum annual payments under the terms of these leases and product commitments for the years ending after December 31, 2019 are as follows:

2020	$	4,604,297
2021		4,238,560
2022		4,052,647
2023		4,106,085
2024		4,167,467
Thereafter		2,758,043
	$	23,927,099

Rent expense for the year ended December 31, 2019 was $4,132,786.

4. Income Taxes

Income tax provision consists of the following components for the year ended December 31, 2019:

		2019
Current		
Federal	$	4,313,755
Foreign		1,040,187
Total current provision		5,353,942
Deferred		
Federal		136,402
State		(37,988)
Total deferred provision		98,414
Total provision for income taxes	$	5,452,356

Deferred tax assets and liabilities as of December 31, 2019 consist of the following components:

Noncurrent deferred tax assets (liabilities)		**2019**
Accrued liabilities	$	91,777
Inventory reserve		252,412
Warranty		95,363
Intangible assets		41,399
Net operating loss		845,528
Depreciation of property and equipment		(606,716)
Other		73,391
Valuation allowance		(845,528)
Total noncurrent deferred taxes, net	$	(52,374)

Other liabilities on the consolidated balance sheet include $230,092 as a provision for uncertain tax positions.

5. Employee Benefit Plans

Effective January 1, 2004, the Company established a 401(k) plan (the Plan). Qualified participants must be at least 21 years of age and have completed three months of service with the Company. Participants may contribute up to the maximum amount allowable by current federal regulations. The Company may make matching contributions equal to a discretionary percentage, not limited to current or accumulated net profits. Effective January 1, 2008, the Company elected to match employee contributions dollar for dollar on the first three percent of employee deferral, and fifty cents on the dollar for the next two percent deferred by the employee. Also, effective January 1, 2008 employees are immediately vested in the Company safe harbor match. The Company's contribution to the Plan was $415,138 for the year ended December 31, 2019.

6. Related Party

The Company conducts business with a contract manufacturer in China. The owner of the Company's primary contract manufacturer owns approximately 13% of the outstanding stock of Reel Holding Corporation. The Company had $28,662,974 of transactions with the contract manufacturer for the year ended December 31, 2019. Amount owed to the contract manufacturer at December 31, 2019 was $1,716,758. As of December 31, 2019, the contract manufacturer had an accounts receivable balance of $18,472.

The Company pays a quarterly management fee to Glenbrook Consumer Partners. Fees paid were $650,000 during the year ended December 31, 2019. In addition, the Company's parent maintains an equity incentive plan for the benefit of the Company's employees, consultants, and board members (Note 2).

As part of the April 6, 2018 stock repurchase, the Company distributed $550,800 to its parent in order to repurchase 20,000 shares of common stock from a related party at a price of $27.54 per share, which represented fair market value at the date of the transaction.

7. Subsequent Events

Boa has evaluated subsequent events up through April 28, 2020, the date the financial statements were originally issued.

On January 6, 2020, an investment banking group was engaged to explore the possibility of a recapitalization of the Company. As of April 28, 2020, the date the financial statements were issued, no specific conclusions have been made.

8. Subsequent Events (unaudited)

Boa has evaluated subsequent events up through December 28, 2020, the date the financial statements were reissued.

The Company has evaluated subsequent events from the original issuance date of April 28, 2020 through December 28, 2020, the date at which the consolidated financial statements were available to be re-issued. On October 16, 2020 Compass Diversified (NYSE: CODI) acquired the Company for a purchase price of $454 million (excluding working capital, other customary adjustments, and acquisition related costs) with an initial equity ownership of 82%. The Company’s management team and existing shareholders invested alongside CODI and own the remaining 18%.

Exhibit 99.2

Boa Technology Inc. and Subsidiaries

Unaudited Consolidated Financial Statements
As of September 30, 2020 and December 31, 2019
and for the nine-months ended September 30, 2020 and 2019

Boa Technology Inc. and Subsidiaries
Index
As of September 30, 2020 and December 31, 2019 and for the nine-months ended September 30, 2020 and 2019

Boa Technology Inc. and Subsidiaries
Consolidated Balance Sheets (unaudited)

	As of September 30, 2020	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 81,558,025	$ 50,174,174
Short-term investments	—	11,989,674
Trade accounts receivable, net	1,356,210	1,263,296
Inventory, net	4,333,446	5,904,112
Prepaid expenses and other current assets	856,030	824,274
Income tax receivable	3,979,053	109,367
Total current assets	92,082,764	70,264,897
Noncurrent assets		
Property, equipment and improvements, net	9,011,866	10,529,451
Patents, trademarks and licenses, pending	1,588,653	1,443,586
Patents, trademarks, licenses and capitalized development costs, net	2,402,908	2,220,641
Deposits and other assets	1,393,497	1,527,168
Deferred tax assets, net	169,799	—
Total noncurrent assets	14,566,723	15,720,846
Total assets	$ 106,649,487	$ 85,985,743
Liabilities and Stockholder's Equity		
Current liabilities		
Accounts payable, trade	$ 1,548,929	$ 1,319,879
Accounts payable to related parties	1,978,281	1,716,758
Accrued expenses	5,247,705	4,266,823
Deferred revenue	2,926,388	2,451,429
Total current liabilities	11,701,303	9,754,889
Noncurrent liabilities		
Deferred lease incentive	1,812,139	2,174,567
Deferred rent	827,757	775,951
Deferred tax liabilties	—	52,374
Other liabilities	293,583	230,092
Total liabilities	14,634,782	12,987,873
Commitments and contingencies (Note 3)		
Stockholder's equity		
Common stock, $0.001 par value; 100 shares authorized; 100 shares issued and outstanding at September 30, 2020 and December 31, 2019	—	—
Additional paid-in-capital	11,944,460	11,394,619
Retained earnings	79,972,659	61,605,964
Other comprehensive income/(loss)	97,586	(2,713)
Total stockholders' equity	92,014,705	72,997,870
Total liabilities and stockholders' equity	$ 106,649,487	$ 85,985,743

The accompanying notes are an integral part of these consolidated financial statements.

Boa Technology Inc. and Subsidiaries
Consolidated Statements of Operations (unaudited)

	For the Nine-Months Ended	
	September 30, 2020	September 30, 2019
Net sales	$ 77,172,854	$ 76,711,017
Net sales to related parties	—	1,129,172
Total sales, net	77,172,854	77,840,189
Cost of goods sold	11,130,464	11,764,742
Cost of goods sold related parties	19,943,131	21,128,019
Total cost of goods sold	31,073,595	32,892,761
Gross profit	46,099,259	44,947,428
Operating expenses	27,949,070	27,440,871
Operating income	18,150,189	17,506,557
Other income (expense)		
Interest and dividend income	149,373	709,854
Other income (expense), net	172,507	(70,762)
Income before provision for income taxes	18,472,069	18,145,649
Provision for income taxes	(105,374)	(3,905,039)
Net income	$ 18,366,695	$ 14,240,610

The accompanying notes are an integral part of these consolidated financial statements.

Boa Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total
Balances at December 31, 2018	100	$ —	$ 10,410,517	$ 42,785,296	$ —	$ 53,195,813
Stock-based compensation expense	—	—	444,314	—	—	444,314
Capital contributions - options	—	—	254,251	—	—	254,251
Net income	—	—	—	14,240,610	—	14,240,610
Other comprehensive income/(loss)	—	—	—	—	(2,713)	(2,713)
Balances at September 30, 2019	**100**	**$ —**	**$ 11,109,082**	**$ 57,025,906**	**$ (2,713)**	**$ 68,132,275**
Balances at December 31, 2019	100	$ —	$ 11,394,619	$ 61,605,964	$ (2,713)	$ 72,997,870
Stock-based compensation expense	—	—	419,244	—	—	419,244
Capital contributions - options	—	—	130,597	—	—	130,597
Net income	—	—	—	18,366,695	—	18,366,695
Other comprehensive income/(loss)	—	—	—	—	100,299	100,299
Balances at September 30, 2020	**100**	**$ —**	**$ 11,944,460**	**$ 79,972,659**	**$ 97,586**	**$ 92,014,705**

The accompanying notes are an integral part of these consolidated financial statements.

Boa Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows (unaudited)

	For the Nine-Months Ended	
	September 30, 2020	September 30, 2019
Cash flows from operating activities:		
Net income	$ 18,366,695	$ 14,240,610
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,120,068	2,931,299
Stock-based compensation	419,244	444,314
Loss on disposal of property, equipment and improvements	145	8,768
Write-off of patent rights	236	15,636
Deferred taxes	(222,173)	50,432
Net changes in assets and liabilities		
Trade accounts receivable, net	(92,914)	417,826
Inventory, net	1,570,666	(635,868)
Prepaid expenses and other current assets	(31,756)	452,193
Deposits and other assets	233,970	(328,935)
Accounts payable, trade	354,704	(930,069)
Accounts payable due to related parties	261,523	(909,868)
Accrued expenses	980,882	1,351,019
Deferred rent	51,806	117,646
Income tax payable/receivable	(3,869,686)	(491,016)
Deferred revenue	474,959	634,546
Other liabilities	63,491	66,096
Net cash provided by operating activities	21,681,860	17,434,629
Cash flows from investing activities		
Purchases of short-term investments	—	(11,931,600)
Proceeds from short-term investments	11,989,674	—
Acquisition of property, equipment and improvements	(1,493,056)	(2,956,802)
Development of patent rights	(562,796)	(451,544)
Deferred lease incentive	(362,428)	(291,328)
Net cash used in investing activities	9,571,394	(15,631,274)
Cash flows from financing activities		
Proceeds from capital contributions - Options	130,597	254,251
Net cash used in financing activities	130,597	254,251
Net increase in cash	31,383,851	2,057,606
Cash and cash equivalents		
Beginning of year	50,174,174	42,694,671
Ending of year	$ 81,558,025	$ 44,752,277
Supplemental disclosures of cash flow information		
Cash paid for income taxes	$ 3,896,961	$ 4,279,524
Noncash activity		
Accrued purchases of property, equipment and improvements	$ 64,853	$ 106,012
Accrued development of patent rights	48,346	152,880
Tenant improvements paid by lessor	—	63,000

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Boa Technology Inc. (Boa or the Company) was formed in the State of Colorado on August 5, 1998. Boa was converted to a corporation in the State of Delaware on August 7, 2012. Boa is a wholly owned subsidiary of Reel Holding Corporation (Reel or Parent). Reel was formed in the State of Delaware on May 17, 2012. Reel owns 100% of the equity interest in Boa. Boa's wholly owned subsidiary, Boa Technology Hong Kong Ltd (BHK), was incorporated in Hong Kong, China on February 12, 2010 to provide warehousing, distribution and logistics capabilities in Asia. Boa's wholly owned subsidiary, Boa Technology Shenzhen Representative Office (SZRO), was incorporated in Shenzhen, China on September 14, 2011 to provide factory development support and quality control activities. Boa's wholly owned subsidiary, Boa Technology GmbH, was incorporated in Mondsee, Austria on May 8, 2013 to provide sales, marketing and customer support activities. Boa's wholly owned subsidiaries, Boa Technology Japan Inc. and Boa Technology Korea Inc., were incorporated in Chiba, Japan and Seoul, South Korea, respectively, on January 21, 2016 to provide sales, marketing and customer support activities. BHK's wholly owned subsidiary, Boa Technology Shanghai Ltd, was incorporated in Shanghai, China on March 29, 2018 to provide sales, marketing, customer support, warehousing, distribution and logistics activities. BHK's wholly owned subsidiary, Boa Technology Shenzhen Ltd, was incorporated in Shenzhen, China on July 23, 2019 to provide sales, marketing, customer support, warehousing, distribution and logistics activities.

The Company develops and manufactures dial-based performance fit systems. The Company is headquartered in Denver, Colorado, USA but business activities are conducted globally. The Company's products are marketed throughout the world.

Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements as of September 30, 2020 and December 31, 2019 and and for the nine-months ended September 30, 2020 and 2019 are unaudited. In the opinion of management, the accompanying unaudited Consolidated Financial Statements include adjustments, all of which are of a normal, recurring nature that are necessary for a fair statement of results of operations for such periods but should not be considered as indicative of results for a full year. The consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted, pursuant to SEC regulations. Accordingly, the accompanying Consolidated Financial Statements should be read in conjunction with the company's annual financial statements for the fiscal year ended December 31, 2019.

New Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, Leases, which changes how the definition of a lease is applied and requires lessees to recognize assets and liabilities arising from operating leases on the balance sheet. Lessees and lessors are now required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach or use an optional transition method that allows lessees and lessors to continue recognizing and disclosing leases entered into prior to the adoption date under current GAAP. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date and the ability to use hindsight in evaluating lessee options to extend a lease, terminate a lease or to purchase the underlying asset. This ASU is effective for annual and interim reporting periods in 2019 for public entities. This ASU is effective for annual reporting periods in 2020 and interim reporting periods in 2021 for nonpublic entities. In 2018 and 2019, the FASB issued the following ASUs related to ASU 2016-02: ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases: Targeted Improvements; ASU 2018-20, Leases: Narrow-Scope Improvements for Lessors; and ASU 2019-01, Leases: Codification Improvements. All of the supplemental ASUs must be adopted simultaneously with ASU 2016-02. The Company is still evaluating the potential impact of this ASU on its consolidated financial statements and related disclosures, but believes it will have a material impact on the consolidated balance sheets only.

Principles of Consolidation

The financial statements as of December 31, 2019 and September 30, 2020 and for the nine-months ended September 30, 2020 and 2019 present the consolidated financial position of the Company and the results of their operations and cash flows for the year then ended and nine months then ended respectively. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Other Comprehensive Income

Other comprehensive gain of $97,586 and loss of $48,098 for the nine months ended September 30, 2020 and 2019, respectively, consist of foreign currency translation adjustments.

Revenue Recognition

Revenue is recognized when the Company's performance obligations are satisfied by transferring control of the product to the customer. Transfer of control is based upon shipment under free on board shipping point freight terms. Prepayment is required for most orders prior to shipment. Payments received prior to shipment are presented as deferred revenue until the product ships. The Company excludes from revenues taxes assessed by governmental authorities, including value-added and other sales-related taxes.

The Company provides its customers the right to return products that are damaged or defective. Revenue for the nine months ended September, 30 2020 and 2019 has been reduced by $32,605 and $45,733, respectively, related to sales discounts and allowances.

Global Business Units reflect the way in which internally-reported financial information is used to make decisions and allocate resources. Revenue disaggregated by Global Business Unit is described below for the nine months ended September 30, 2020 and 2019:

	For the Nine-Months Ended	
	September 30, 2020	**September 30, 2019**
Athletic Business Unit	20,125,303	18,566,085
Mountain Business Unit	32,678,484	34,388,844
Professional Business Unit	24,369,067	24,885,260
Total Net Sales	$ 77,172,854	$ 77,840,189

Cash and Cash Equivalents

The Company considers currency and all marketable investments with original maturities of three months or less to be cash and cash equivalents.

The Company maintains bank accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2020 and December 31, 2019, the Company had $77,209,229 and $57,054,451 of deposits in excess of FDIC limits, respectively.

Short-term Investments

Short-term investments consist of U.S. Treasury securities with original maturity dates greater than three months. The Company has classified all short-term investments as trading securities as of December 31, 2019 and had no short-term investments as of September 30, 2020. Short-term investments are carried at fair market value, with the change in fair value reported in Interest and dividend income in the consolidated statements of operations.

Trade Accounts Receivable

Trade accounts receivable are carried at their estimated collectible amounts and are periodically evaluated for collectability based on past credit history. The allowance for doubtful accounts represents the Company's estimate for uncollectible receivables based upon management's assessment of the probability of collection. The Company has estimated the allowance for doubtful accounts to be $55,000 as of September 30, 2020 and December 31, 2019.

Inventory

Inventory is valued at standard cost which approximates using the first-in, first-out (FIFO) method and is valued at the lower of cost and net realizable value. All inventories are classified as finished goods. The Company evaluates inventory and records an allowance for obsolete and slow-moving inventory. This allowance is based on an ongoing analysis of product demand expected to occur over the next twelve months as well as usage history over the previous 24 months. Based on management's analysis, the allowance for obsolete and slow-moving inventory was $1,239,076 and $1,200,000, respectively, as of September 30, 2020 and December 31, 2019.

Property, Equipment and Improvements

Property, equipment and improvements are stated at cost. Depreciation expense is provided by the use of the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Equipment	2-7 years
Sofware and computer equipment	3-5 years
Furntiture and fixtures	3-5 years
Tooling and molds	3 years
Vehicles	5 years
Leasehold improvements	Shorter of lease term or useful life

Property, equipment and improvements, net consist of the following at December 31, 2019:

		As of September 30, 2020	As of December 31, 2019
Assets under construction	$	572,397	726,414
Equipment		3,391,978	3,308,323
Software and computer equipment		4,690,317	4,347,098
Furniture and fixtures		1,209,191	1,196,186
Vehicles		120,743	120,743
Leasehold improvements		5,792,780	5,743,821
Tooling and molds		9,735,209	8,677,430
Total property, equipment and improvements at cost		25,512,615	24,120,015
Less: Accumulated Depreciation		(16,500,749)	(13,590,564)
Property, equipment and improvements, net	$	9,011,866	10,529,451

Depreciation expense was $2,936,085 and $2,770,413, respectively, for the nine months ended September 30, 2020 and 2019 respectively. Repairs and maintenance are charged to operations as incurred. Major renewals and betterments that extend the useful lives of property and equipment are capitalized.

Patents and Trademarks

Costs incurred to develop and successfully defend patents, trademarks and licenses are stated at cost. Amortization is provided by the shorter of the use of the straight-line method over 15 years (patents and licenses) and 20 years (trademarks) or the assigned life. Prior to the issuance of a patent, trademark or license, the associated costs are classified as patents, trademarks and licenses, pending on the consolidated balance sheets. Amortization begins once the patent, trademark or license is issued. The gross carrying amount of patents, trademarks and licenses issued was $3,491,690 and $3,125,439, respectively, as of September 30, 2020 and

December 31, 2019. Amortization expense for the nine months ended September 30, 2020 and 2019 was $183,983 and $160,886, respectively. During the nine months ended September 30, 2020 and year ended December 31, 2019, there was $366,250 and $440,844, respectively, of pending patents that were transferred to issued patents.

The estimated aggregate future amortization expense for these assets is as follows:

Years Ending December 31,		
2020 (remaining 3 months)	$	68,238
2021		255,925
2022		255,925
2023		242,247
2024		222,604
Thereafter		1,357,969
	$	2,402,908

Warranty Reserve

In general, the Company warrants its products against defects and specific nonperformance. The Company began offering lifetime warranties during 2009. The Company records a warranty reserve based on historical information on the nature, frequency and average cost of warranty claims. The warranty reserve of $534,472 and $453,369, respectively, at September 30, 2020 and December 31, 2019 is recorded in accrued expenses in the consolidated balance sheets. For the nine-months ending September 30, 2020, and 2019 the Company has recorded warranty expense of $478,440 and $400,748, respectively, included in cost of goods sold in the consolidated statements of operations.

Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. Total advertising expense for the nine months ended September 30, 2020 and 2019 was $611,558 and $887,260, respectively, and has been included in operating expenses in the consolidated statements of operations.

Income Taxes

The Company accounts for income taxes under the provisions of ASC 740, Income Taxes. Income taxes are provided for the tax effects of transactions reported in the financial statements. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date. Investment tax credits are recognized as a reduction of income taxes in the period in which the credits are recognized. Valuation allowances are established to reduce the net deferred tax asset if it is determined to be more likely than not that all or some portion of the net deferred tax asset will not be realized.

The Company follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

The Company is not subject to examination by U.S. federal tax authorities for tax years before 2016 and state tax authorities for tax years before 2015. Interest and penalties, if any, are recorded by the Company within income tax expense.

Fair Value Measurements

The Company determines the fair market values of its financial instruments in accordance with ASC 820, Fair Value Measurements and Disclosures (ASC 820). The additional disclosures required about fair value measurements include, among other things, (a) the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs, (b) the gross, rather than net, basis for certain Level 3 roll-forward information, (c) use of a "class" basis rather than a "major category" basis for assets and liabilities, and (d) valuation techniques and inputs used to estimate Level 2 and Level 3 fair value measurements. The following information incorporates these new disclosure requirements.

Under accounting standards, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company categorizes the financial assets and liabilities carried at fair value in its consolidated balance sheets based upon a three-level valuation hierarchy. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable valuation inputs (Level 3). If the inputs used to measure a financial asset or liability cross different levels of the hierarchy, categorization is based on the lowest level input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the overall fair value measurement of a financial asset or liability requires judgment, and considers factors specific to the asset or liability. The three levels are described below:

el 1 — Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

el 2 — Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

el 3 — Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also, includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The following is a description of the valuation methodologies used for instruments measured at fair value:

U.S. Treasury securities – Fair value is based on quoted market prices in active Markets.

The carrying value of receivables, payables and accrued expenses approximate fair value due to the short maturity of these instruments.

Concentrations of Credit Risk

As of September 30, 2020 and December 31, 2019, the following customers represent accounts receivable concentration risk:

	Accounts Receivable	
Customer	**September 30, 2020**	**December 31, 2019**
A	42%	24%
B	20%	9%
C	2%	14%

The Company contracts with a vendor who manufactures inventory according to the Company's specifications. Although this could create a temporary risk to the Company should the vendor fail to meet contractual obligations, management believes that alternative vendors would be available if needed.

2. Stockholders' Equity

During 2012, the board of directors authorized 100 shares of $0.001 par value common stock. The Company's parent owns 100% of the issued and outstanding shares as of September 30, 2020 and December 31, 2019.

Parent Stock Incentive Plan

In 2012, the Company's parent adopted an equity incentive plan to provide incentive stock options of common stock to employees, consultants, and board members of the Company. Therefore, the effects of the Parent's equity incentive plan have been pushed down to the Company's financial statements. The board of directors has authorized a total of 467,000 shares of common stock to be allocated under the 2012 plan. In 2015, the board of directors authorized an additional 65,000 shares of common stock to be allocated under the 2012 plan. In 2016, the board of directors authorized an additional 130,000 shares of common stock to be allocated under the 2012 plan. Unexercised options granted prior to the 2012 plan to individuals whose relationship with the Company has terminated are required to be forfeited and returned to the Company and are not available for future grant. Unexercised options granted under the 2012 plan to individuals whose relationship with the Company has terminated are required to be forfeited and returned to the Company for future grant. As of September 30, 2020 a total of 86,186 stock options were available for grant under the 2012 plan.

During the nine months ended September 30, 2020 and September 30, 2019, certain employee stock options were exercised for 5,935 and 27,789 shares of common stock at $0.0001 par value for cash of $130,597 and $373,453, respectively.

A summary of option activity for the nine months ended September 30, 2020 and year ending December 31, 2019 is as follows:

	Options	Weighted-Average Exercise Price
Options outstanding at December 31, 2018	483,837	$ 23.30
Granted	6,000	38.24
Exercised	(20,855)	12.19
Forfeited	(12,013)	26.70
Options outstanding at September 30, 2019	**456,969**	**$ 23.92**
Options outstanding at December 31, 2019	448,141	$ 24.03
Granted	—	—
Exercised	(5,935)	22.00
Forfeited	(1,965)	31.38
Options outstanding at September 30, 2020	**440,241**	**$ 24.02**

No options were granted in the nine months ending September 30, 2020 and the fair value of the underlying options on their grant date in 2019 was $11.14 per share, as determined by the Black-Scholes-Merton valuation model. As of September 30, 2020 and 2019, there was a total of $1,101,626 and $1,709,020 of unrecognized expense remaining to be recognized over a weighted-average period of 1.7 and 2.4 years, respectively.

The following summarizes information about stock options outstanding and exercisable as of September 30, 2020 and 2019:

September 30, 2020

	Options Outstanding			Options Exercisable	
Exercise Price	**Number of Options**	**Weighted-Average Remaining Contractual Life**	**Weighted- Average Exercise Price**	**Number of Options**	**Weighted- Average Exercise Price**
$ 3.60	4,120	1.0 years	$ 3.60	4,120	$ 3.60
11.70	72,756	2.7 years	11.70	72,756	11.70
12.25	13,144	3.4 years	12.25	13,144	12.25
17.23	38,531	4.4 years	17.23	38,531	17.23
22.86	35,550	5.6 years	22.86	31,688	22.86
27.01	218,250	7.2 years	27.01	136,613	27.01
27.54	3,500	7.8 years	27.54	1,400	27.54
38.24	54,390	8.3 years	38.24	18,033	38.24
	440,241		$ 24.02	316,285	$ 21.61

September 30, 2019

	Options Outstanding			Options Exercisable	
Exercise Price	**Number of Options**	**Weighted-Average Remaining Contractual Life**	**Weighted- Average Exercise Price**	**Number of Options**	**Weighted- Average Exercise Price**
$ 3.60	4,720	2.0 years	$ 3.60	4,720	$ 3.60
11.70	74,256	3.6 years	11.70	74,256	11.70
12.25	14,831	4.4 years	12.25	14,831	12.25
17.23	39,771	5.4 years	17.23	37,309	17.23
22.86	45,591	6.6 years	22.86	32,291	22.86
27.01	218,250	8.2 years	27.01	92,963	27.01
27.54	3,500	8.8 years	27.54	700	27.54
38.24	56,050	9.3 years	38.24	—	38.24
	456,969		$ 23.92	257,070	$ 19.37

The total fair value of options vested during the nine months ended September 30, 2020 and 2019, based on fair values ranging from $6.18 to $11.67 per share, was $419,244 and $444,314, respectively, and has been recorded as compensation expense in operating expenses in the consolidated statements of operations. The intrinsic value of stock options exercised during the nine months ended September 30, 2020 and 2019 was $172,029 and $543,246, respectively.
The fair value of options was estimated using the Black-Scholes-Merton valuation model requiring the use of subjective valuation assumptions. The Black-Scholes-Merton valuation model requires several inputs, including the expected stock price volatility and expected option term.

No options were granted in the nine months ending September 30, 2020 and the fair value of options granted in the nine months ended September 30, 2019 was estimated using the following assumptions:

	Nine-months ended September 30, 2019
Risk-free interest rate	1.9%
Expected dividend yield	None
Expected volatility factor	32.2%
Expected option term	6.5 years
Expected forfeitures	26.9%

The risk-free interest rate is based on the U.S. Treasury rate at the date of grant. The volatility factor was determined based on available market data for similar companies. No dividends are expected to be paid. Forfeitures and option life have been estimated by the Company based upon historical experience under the plan.

Parent Phantom Stock Plan

In 2015, the Company's parent adopted a phantom stock incentive plan to provide shares of phantom stock to foreign employees of the Company. The Board of Directors has authorized a total of 125,000 shares of phantom stock to be allocated under the 2015 plan. The liability associated with the plan is calculated as the difference between the fair market value of the Company's stock price at the time of a change in control and the value assigned to each share at the time of grant, and is only triggered by a change in control. As a result, the effects of the plan will only be recorded at the time a change in control becomes probable. Phantom stockholders are required to be employed by the Company at the time of a change in control in order to vest in the award. Awards to individuals whose relationship with the Company has terminated are required to be forfeited and returned to the Company for future grant. As of September 30, 2020, a total of 52,250 shares of phantom stock are available for grant under the 2015 plan.

The following summarizes information about phantom stock outstanding as of September 30, 2020 and 2019:

September 30, 2020	
Phantom Stock Outstanding	
Grant Price	Number of Shares
$ 17.23	43,500
22.86	18,750
27.01	4,000
27.54	3,500
38.24	3,000
	72,750

September 30, 2019	
Phantom Stock Outstanding	
Grant Price	Number of Shares
$ 17.23	43,500
22.86	20,500
27.01	6,250
27.54	5,000
38.24	3,000
	78,250

3. Commitments and Contingencies

Leases

The Company has entered into various operating leases for the use of office space. The leases require payments ranging from $3,303 to $329,201 per month, and expire at various times through July 2028. The Company also has a lease for office equipment that expires in July 2025. Certain leases include fixed rent increase provisions.

The minimum annual payments under the terms of these leases and product commitments as of September 30, 2020 are as follows:

2020 (remaining 3 months)	$	1,168,836
2021		4,238,560
2022		4,052,647
2023		4,106,085
2024		4,167,467
Thereafter		2,758,043
	$	20,491,638

Rent expense for the nine months ended September 30, 2020 and 2019 was $3,220,258 and $3,036,011, respectively.

4. Income Taxes

Income tax provision consists of the following components for the nine months ended September 30, 2020 and 2019:

			Nine-months ended	
			September 30, 2020	**September 30, 2019**
Current				
Federal		$	(889,888)	3,199,787
State			—	—
Foreign			1,217,434	654,815
	Total current provision		327,546	3,854,602
Deferred				
Federal			(223,616)	91,269
State			1,444	(40,832)
	Total deferred provision		(222,172)	50,437
	Total provision for income taxes	$	105,374	3,905,039

Deferred tax assets and liabilities as of September 30, 2020 and December 31, 2019 consist of the following components:

		As of	
		September 30, 2020	**December 31, 2019**
Noncurrent deferred tax assets (liabilities)			
Accrued liabilities	$	117,534	91,777
Inventory reserve		260,300	252,412
Warranty		112,279	95,363
Intangible assets		28,210	41,399
Net operating loss		36,522	845,528
Depreciation of property and equipment		(417,949)	(606,716)
Other		93,733	73,391
Valuation allowance		(60,830)	(845,528)
Total noncurrent deferred taxes, net	$	169,799	(52,374)

Other liabilities on the consolidated balance sheets include $293,583 and $230,092, respectively, as a provision for uncertain tax positions.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax net income compared to the income taxes in the consolidated statements of operations for the nine months ended September 30, 2020 and 2019.

	For the Nine-months ended	
	September 30, 2020	September 30, 2019
US federal income tax expense at statutory rates	$ 3,872,800	$ 3,810,581
2018 Amended return (FDII deduction)	(1,295,738)	—
2019 Return to provision (FDII deduction)	(1,591,948)	—
Research and development credit	(238,088)	(334,141)
Foreign tax credit	(560,499)	(235,625)
Permanent items	(455,907)	395,965
Foreign tax fees	197,804	(49,126)
Other	176,950	317,385
Total provision for income taxes	$ 105,374	$ 3,905,039

5. Employee Benefit Plans

Effective January 1, 2004, the Company established a 401(k) plan (the Plan). Qualified participants must be at least 21 years of age and have completed three months of service with the Company. Participants may contribute up to the maximum amount allowable by current federal regulations. The Company may make matching contributions equal to a discretionary percentage, not limited to current or accumulated net profits. Effective January 1, 2008, the Company elected to match employee contributions dollar for dollar on the first three percent of employee deferral, and fifty cents on the dollar for the next two percent deferred by the employee. Also, effective January 1, 2008 employees are immediately vested in the Company safe harbor match. The Company's contribution to the Plan was $346,898 and $300,800, respectively, for the nine months ended September 30, 2020 and 2019.

6. Related Party

The Company conducts business with a contract manufacturer in China. The owner of the Company's primary contract manufacturer owns approximately 13% of the outstanding stock of Reel Holding Corporation. The Company had $20,232,438 and $20,242,850 of transactions with the contract manufacturer for the nine months ended September 30, 2020 and 2019. Amounts owed to the contract manufacturer at September 30, 2020 and December 31, 2019 were $1,978,281 and $1,716,758 respectively. As of September 30, 2020, and December 31, 2019, the contract manufacturer had an accounts receivable balance of $5,346 and $18,472, respectively.

The Company pays a quarterly management fee to Glenbrook Consumer Partners. Fees paid were $487,500 and $487,500, respectively, during the nine months ended September 30, 2020 and 2019. In addition, the Company's parent maintains an equity incentive plan for the benefit of the Company's employees, consultants, and board members (Note 2).

7. Subsequent Events

On October 16, 2020 Compass Diversified (NYSE: CODI) acquired the Company for a purchase price of $454 million (excluding working capital, other customary adjustments, and acquisition related costs) with an initial equity ownership of 82%. The Company's management team and existing shareholders invested alongside CODI and own the remaining 18%.

Boa has evaluated subsequent events up through December 28, 2020, the date the financial statements were issued.

Exhibit 99.3

COMPASS DIVERSIFIED HOLDINGS
PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(UNAUDITED)

The following pro forma condensed combined financial statements give effect to the acquisition of Boa Holdings, Inc. ("Boa") with a total purchase price of approximately $454 million, as further described on the Form 8-K that we filed on October 19, 2020.

The following pro forma condensed combined statements of operations for the year ended December 31, 2019 and the nine months ended September 30, 2020 give effect to the acquisition of Boa as if the acquisition had occurred on January 1, 2019. The proforma condensed combined balance sheet as of September 30, 2020 gives effect to the acquisition of Boa as if the acquisition was completed on September 30, 2020.

The "as reported" financial information of Boa is derived from the historical financial statements of Boa for comparable periods which are included elsewhere in this Form 8-K. The "as reported" financial information for Compass Diversified Holdings (the "Company" or "Holdings") is derived from the audited financial statements of the Company as of December 31, 2019 and for the year ended December 31, 2019 as filed on Form 10-K dated February 26, 2020, and the unaudited financial statements of the Company as of September 30, 2020 and for the nine months ended September 30, 2020 as filed on Form 10-Q dated October 28, 2020.

Assumptions underlying the pro forma adjustments necessary to reasonably present this unaudited pro forma condensed combined financial information are described in the accompanying notes. The pro forma adjustments described in the accompanying notes have been made based on the available information and, in the opinion of management, are reasonable. The preliminary purchase price has been allocated on a provisional basis to assets acquired and liabilities assumed in connection with the acquisition based on the estimated fair value as of the completion of the acquisition. The unaudited pro forma condensed combined statements of operations reflect the adjustments to the historical consolidated results of operations that are expected to have a continuing effect. The unaudited pro forma condensed combined statements of operations do not include certain items such as transaction costs related to the acquisition. The final purchase price allocation is subject to the final determination of the fair value of assets acquired and liabilities assumed and, therefore, that allocation and the resulting effect on income from operations may differ materially from the unaudited pro forma amounts included herein.

The historical consolidated financial information has been adjusted to give effect to estimated pro forma events that are directly attributable to the acquisition, factually supportable and, with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the consolidated results of operations. The unaudited pro forma condensed combined financial information should not be considered indicative of actual results that would have been achieved had the acquisition occurred on the date indicated and do not purport to indicate results of operations for any future period.

You should read these unaudited pro forma condensed combined financial statements in conjunction with the accompanying notes, the financial statements of Boa included in this Form 8-K and the consolidated financial statements of the Company, including the notes thereto as previously filed.

Compass Diversified Holdings
Pro Forma Condensed Combined Balance Sheet at September 30, 2020
(unaudited)

(in thousands)	Compass Diversified Holdings as Reported	Boa as Reported	Pro Forma Adjustments		Pro Forma Combined Compass Diversified Holdings
Assets					
Current assets:					
Cash and cash equivalents	$ 176,819	$ 81,558	$ (171,225)	**(a),(e)**	$ 87,152
Accounts receivable, net	242,947	1,356	—		244,303
Inventories	344,036	4,333	508	**(b)**	348,877
Prepaid expenses and other current assets	36,873	4,835	—		41,708
Total current assets	800,675	92,082	(170,717)		722,040
Property, plant and equipment, net	155,601	9,012	6,460	**(b)**	171,073
Goodwill	508,464	—	263,483	**(b)**	771,947
Intangible assets, net	619,925	3,992	232,708	**(b)**	856,625
Other non-current assets	107,319	1,563	13,105	**(c)**	121,987
Total assets	$ 2,191,984	$ 106,649	$ 345,039		$ 2,643,672
Liabilities and stockholders' equity					
Current liabilities:					
Accounts payable	$ 98,192	$ 3,527	$ —		$ 101,719
Accrued expenses	151,279	5,248	—		156,527
Due to related party	9,283	—	—		9,283
Other current liabilities	25,022	2,926	2,600	**(c)**	30,548
Total current liabilities	283,776	11,701	2,600		298,077
Deferred income taxes	30,854	—	62,315	**(b)**	93,169
Long-term debt	592,107	—	300,000	**(a)**	892,107
Other non-current liabilities	94,554	2,933	10,505	**(c)**	107,992
Total liabilities	1,001,291	14,634	375,420		1,391,345
Stockholders' equity					
Trust preferred shares, no par value	303,918	—	—		303,918
Trust common shares, no par value	1,008,564	—	—		1,008,564
Accumulated other comprehensive income (loss)	(4,447)	98	(98)	**(d)**	(4,447)
Accumulated deficit	(188,136)	91,917	(91,917)	**(e)**	(188,136)
Total stockholders' equity attributable to Holdings	1,119,899	92,015	(92,015)		1,119,899
Noncontrolling interest	70,794	—	61,634	**(b)**	132,428
Total stockholders' equity	1,190,693	92,015	(30,381)		1,252,327
Total liabilities and stockholders' equity	$ 2,191,984	$ 106,649	$ 345,039		$ 2,643,672

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information.

Compass Diversified Holdings
Pro Forma Condensed Combined Statement of Operations
for the year ended December 31, 2019
(unaudited)

(in thousands, except per share data)	Compass Diversified Holdings as Reported	Boa as Reported	Pro Forma Adjustments		Pro Forma Combined Compass Diversified Holdings
Net revenues	$ 1,450,253	$ 106,276	$ —		$ 1,556,529
Cost of revenues	930,810	45,032	26	(f)	975,868
Gross Profit	519,443	61,244	(26)		580,661
Operating expenses:					
Selling, general and administrative expense	335,181	37,637	95	(f)	372,913
Management fees	37,030	—	4,540	(g)	41,570
Amortization expense	54,155	223	15,378	(h)	69,756
Impairment expense	32,881	—	—		32,881
Operating income	60,196	23,384	(20,039)		63,541
Other income (expense):					
Interest income (expense), net	(58,216)	940	(9,000)	(i)	(66,276)
Amortization of debt issuance costs	(3,314)	—	—		(3,314)
Loss on debt extinguishment	(12,319)	—	—		(12,319)
Loss on sale of securities (refer to Note C)	(10,193)	—	—		(10,193)
Other income (expense), net	(2,185)	(51)	—		(2,236)
Income (loss) from continuing operations before income taxes	(26,031)	24,273	(29,039)		(30,797)
Provision for income taxes	14,742	5,452	—		20,194
Net income (loss) from continuing operations	(40,773)	18,821	(29,039)		(50,991)
Less: Income from continuing operations attributable to noncontrolling interest	5,542	—	3,411	(j)	8,953
Net income (loss) attributable to Holdings	$ (46,315)	$ 18,821	$ (32,450)		$ (59,944)
Basic and fully diluted loss per share attributable to Holdings	$ (2.17)				$ (2.39)
Weighted average number of shares	59,900				59,900

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information.

Compass Diversified Holdings
Pro Forma Condensed Combined Statement of Operations
for the nine months ended September 30, 2020
(unaudited)

(in thousands, except per share data)	Compass Diversified Holdings as Reported	Boa as Reported	Pro Forma Adjustments		Pro Forma Combined Compass Diversified Holdings
Net revenues	$ 1,085,979	$ 77,173	$ —		$ 1,163,152
Cost of revenues	695,304	31,074	72	(f)	726,450
Gross Profit	390,675	46,099	(72)		436,702
Operating expenses:					
Selling, general and administrative expense	260,850	27,765	(98)	(f)	288,517
Management fees	23,436	—	3,405	(g)	26,841
Amortization expense	43,506	184	11,517	(h)	55,207
Operating income	62,883	18,150	(14,896)		66,137
Other income (expense):					
Interest income (expense), net	(32,122)	149	(6,750)	(i)	(38,723)
Amortization of debt issuance cost	(1,795)	—	—		(1,795)
Other income (expense), net	(2,172)	173	—		(1,999)
Income (loss) from continuing operations before income taxes	26,794	18,472	(21,646)		23,620
Provision for income taxes	8,477	105	—		8,582
Net income from continuing operations	18,317	18,367	(21,646)		15,038
Less: Net income from continuing operations attributable to noncontrolling interest	4,003	—	3,328	(j)	7,331
Net income (loss) attributable to Holdings from continuing operations	$ 14,314	$ 18,367	$ (24,974)		$ 7,707
Basic and fully diluted loss per share attributable to Holdings	$ (0.33)				$ (0.43)
Weighted average number of shares	62,556				62,556

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information.

Compass Diversified Holdings
Notes to Pro Forma Condensed Combined Financial Statements
(Unaudited)

Pro forma information is intended to reflect the impact of the acquisition of Boa on the Company's historical financial position and results of operations through adjustments that are directly attributable to the transaction, that are factually supportable and, with respect to the pro forma condensed combined statements of operations that are expected to have a continuing impact. This information in Note 1 provides a description of each of the pro forma adjustments from each line item in the pro forma condensed combined financial statements together with information explaining how the adjustments were derived or calculated.

Note 1. Pro Forma Adjustments

Balance Sheet

The following adjustments correspond to those included in the pro forma unaudited condensed combined balance sheet as of September 30, 2020:

(a) The following reflects the use of cash on hand and the drawdown on the 2018 Revolving Credit Facility to reflect the financing of the acquisition.

(in thousands)		**Boa Acquisition**
Cash	$	99,225
Revolving credit facility		300,000
	$	399,225

(b) The following reflects the adjustments necessary to reflect: (i) the allocation of the purchase price to inventory, property, plant and equipment, intangible assets, goodwill and the related deferred tax liability resulting from the step up in basis and; (ii) the assignment of noncontrolling shareholder interest derived from the equity value contributed by noncontrolling shareholders. The adjustment to inventory represents the estimated adjustment to step up Boa's finished goods inventory to fair value. The fair value was determined based on the estimated selling price less the selling costs and a normal profit margin on those selling efforts. After the acquisition, the step-up in inventory value will increase cost of revenues over approximately three months as the inventory is sold. This increase is not reflected in the pro forma condensed combined statements of operations because it does not have a continuing impact.

(in thousands)		**September 30, 2020**
Inventory	$	508
Property, plant and equipment		6,460
Intangible assets		232,708
Goodwill		263,483
Deferred tax liability		(62,315)
Noncontrolling interest		(61,634)
	$	379,210

(c) To reflect the adoption of Accounting Standards Update No. 2016-02, Leases ("Topic 842").

(in thousands)	**September 30, 2020**
Right-of-use asset	13,105
Lease liability - current	2,600
Lease liability - long-term	10,505
	13,105

(d) Represents the elimination of accumulated other comprehensive income of Boa.

(in thousands)		**Boa**
Accumulated other comprehensive income	$	(98)

(e) Represents the elimination of historical stockholders' equity of Boa. Immediately prior to the acquisition of Boa by the Company, Boa paid a distribution of $72 million to shareholders. The elimination of historical stockholder' equity of Boa reflects the distribution. The elimination of historical additional-paid-in-capital has been combined with accumulated deficit in the accompanying condensed combined pro forma balance sheet as of September 30, 2020 to conform with the presentation of the Company's stockholders' equity.

(in thousands)		**Boa**
Cash	$	72,000
Retained earnings	$	(72,000)

(in thousands)		**Boa**
Common stock	$	—
Additional-paid-in-capital		(11,944)
Retained earnings		(7,973)
Total Stockholders' equity	$	(19,917)

Statement of Operations

The following adjustments correspond to those included in the unaudited pro forma condensed combined statements of operations for all periods presented:

(f) Depreciation expense

To record the adjustment to depreciation expense included in cost of revenues and selling, general and administrative expense for the revised property, plant and equipment amount associated with the preliminary allocation of the purchase price (in thousands):

Cost of revenues	**For the year ended December 31, 2019**		**For the nine months ended September 30, 2020**	
Historical depreciation expense	$	(1,293)	$	(917)
Revised depreciation expense		1,319		989
	$	26	$	72

Selling, general and administrative expense	**For the year ended December 31, 2019**		**For the nine months ended September 30, 2020**	
Historical depreciation expense	$	(2,466)	$	(2,019)
Revised depreciation expense		2,561		1,921
	$	95	$	(98)

(g) Management fee

To record the annual management fee payable to Compass Group Management (our Manager) calculated as 1% of the aggregate purchase price of Boa.

(in thousands)	**For the year ended December 31, 2019**		**For the nine months ended September 30, 2020**	
Management Fee	$	4,540	$	3,405

(h) To record the adjustment to amortization expense for the revised intangible assets associated with the preliminary allocation of the purchase price. See Note 2 for the detail on intangible assets acquired.

(in thousands)	**For the year ended December 31, 2019**		**For the nine months ended September 30, 2020**	
Historical amortization expense	$	(223)	$	(184)
Revised amortization expense		15,601		11,701
	$	15,378	$	11,517

(i) To record the interest expense associated with the $300 million of revolver borrowings used to fund the acquisition, offset by lower commitment fees (unused fees) on the revolving credit facility. The annual interest rate assumed was 3.25% for the revolving credit facility based on the average rate at September 30, 2020, and the commitment fee was 0.25%.

(in thousands)	For the year ended December 31, 2019	
Revolver borrowings	$	300,000
		3.25 %
	$	9,750
Less: Commitment fee	$	300,000
		0.25 %
	$	750
Revised interest expense	$	9,000

	For the nine months ended September 30, 2020	
Revised interest expense - 9 months	$	6,750

(in thousands)	For the year ended December 31, 2019		For the nine months ended September 30, 2020	
Interest expense	$	9,000	$	6,750

(j) To record the noncontrolling interest associated with Boa's net income for the periods presented.

(in thousands)	For the year ended December 31, 2019		For the nine months ended September 30, 2020	
Boa Net Income	$	18,821	$	18,367
Noncontrolling interest ownership percentage		18.1 %		18.1 %
	$	3,411	$	3,328

Note 2. Purchase Price Allocation and Valuation Assumptions

The following table summarizes the preliminary purchase price for the Boa acquisition (in thousands):

Acquisition Consideration		
Gross purchase price	$	454,000
Working capital adjustment - preliminary		(1,076)
Other adjustment		(2,592)
Cash acquired - preliminary		6,600
	$	456,932
Less: Transaction costs		2,517
Net purchase price	$	459,449

The purchase price is preliminary and is subject to adjustment based upon the difference between the estimated net working capital to be transferred and the actual amount of working capital transferred on the date of closing. The initial purchase price has been allocated to the acquired assets and assumed liabilities based on estimated fair values. The purchase price allocation is preliminary pending a final determination of the fair values of the assets and liabilities. The table below provides the provisional recording of assets acquired and liabilities assumed as of the acquisition date. The amounts recorded for inventory, property, plant and equipment, intangible assets and goodwill are preliminary pending finalization of valuation efforts.

(in thousands)	Amounts Recognized as of the acquisition Date	
	Preliminary	
Assets:		
Cash	$	7,677
Accounts receivable, net		2,065
Inventory, net		5,203
Property, plant and equipment		15,432
Intangible assets		236,700
Goodwill		257,743
Other current and non-current assets		19,813
Total assets		544,633
Liabilities and Noncontrolling Interest:		
Current liabilities	$	10,816
Other liabilities		131,402
Deferred tax liabilities		62,315
Noncontrolling interest		61,634
	$	266,167
Net assets acquired	$	278,466
Intercompany loans		119,349
Noncontrolling interest		61,634
	$	459,449
Transaction costs incurred	$	2,517

The preliminary 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 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 and current and other liabilities are estimated at their historical carrying values. Property, plant and equipment is valued through a preliminary purchase price appraisal and will be depreciated on a straight-line basis over the respective remaining useful lives. 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 Company does not expect the goodwill balance to be deductible for tax purposes.

The identified intangible assets are definite lived intangibles and will be amortized over the estimated useful life assigned to the underlying intangible asset. The intangible assets preliminarily recorded in connection with the Boa acquisition are as follows (in thousands):

Intangible Assets		Amount	Estimated Useful Life
Tradename	$	84,300	20 years
Technology		72,900	10 - 12 years
Customer Relationships		73,000	15 years
In-process research and development		6,500	18 years
	$	236,700	

Note 3. Earnings Per Share

Basic and fully diluted earnings per Trust common share is computed using the two-class method which requires companies to allocate participating securities that have rights to earnings that otherwise would have been available to common shareholders as a separate class of securities in calculating earnings per share. The Company has granted Allocation Interests that contain participating rights to receive profit allocations upon the occurrence of certain events, and has issued preferred shares that have rights to distributions when, and if, declared by the Company's Board of Directors. The calculation of basic and fully diluted earnings per Trust common share is computed by dividing income available to common shareholders by the weighted average number of Trust common shares outstanding during the period. Earnings per common share reflects the effect of distributions that were declared and paid to holders of the Allocation Interests, and distributions that were paid or cumulative on preferred shares during the period.

Reconciliation of pro forma net income (loss) from continuing operations available to common shares of Holdings

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

(in thousands)		Year ended December 31, 2019		Nine months ended September 30, 2020
Pro forma net income (loss) from continuing operations attributable to Holdings	$	(59,943)	$	7,707
Less: Distributions paid - Allocation Interests		60,369		9,087
Less: Distributions paid - Preferred Shares		15,125		17,633
Less: Accrued distributions - Preferred Shares		2,315		2,869
Pro forma net loss from continuing operations attributable to Holdings	$	(137,752)	$	(21,882)

Pro forma earnings per share - continuing operations

(in thousands, except per share data)		Year ended December 31, 2019		Nine months ended September 30, 2020
Pro forma net loss from continuing operations attributable to Holdings	$	(137,752)	$	(21,882)
Less: Effect of Contribution based profit - Holding Event		5,659		5,134
Pro forma loss from Holdings attributable to common shares	$	(143,411)	$	(27,016)
Basic and diluted weighted average common shares of Holdings		59,900		62,556
Basic and fully diluted pro forma income (loss) per share attributable to Holdings				
Continuing operations	$	(2.39)	$	(0.43)