

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

FORM 8-K

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

Date of Report (Date of earliest event reported): February 14, 2023

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

Delaware
(State or other jurisdiction
of incorporation)

001-34927
(Commission
File Number)

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

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

Delaware
(State or other jurisdiction
of incorporation)

001-34926
(Commission
File Number)

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Section 8 Other Events

Item 8.01 Other Events

Compass Group Diversified Holdings LLC (the “Company”) and Compass Diversified Holdings (“Holdings” and, together with the Company, collectively “CODI,” “us” or “we”) acquires and manages small to middle market businesses in the ordinary course of its business. The following description relates to the recent divestiture of one such business.

Advanced Circuits

On January 10, 2023, the Company, solely in its capacity as the representative of the holders of stock and options of Compass AC Holdings, Inc. (“Advanced Circuits”), a majority owned subsidiary of the Company, entered into a definitive Agreement and Plan of Merger (the “Agreement”) with APCT Inc. (“Purchaser”), Circuit Merger Sub, Inc. (“Merger Sub”) and Advanced Circuits, pursuant to which Purchaser agreed to acquire all of the issued and outstanding securities of Advanced Circuits, the parent company of the operating entity, Advanced Circuits, Inc., through a merger of Merger Sub with and into Advanced Circuits, with Advanced Circuits surviving the merger and becoming a wholly owned subsidiary of Purchaser (the “Merger”).

On February 14, 2023, the parties completed the Merger pursuant to the Agreement. The sale price of Advanced Circuits was based on an enterprise value of \$220 million, subject to certain adjustments based on matters such as the working capital and cash and debt balances of Advanced Circuits at the time of the closing. After the allocation of the sales price to Advanced Circuits non-controlling equityholders and the payment of transaction expenses, CODI received approximately \$170 million of total proceeds at closing. The proceeds will be used to repay outstanding debt under the Company’s revolving credit facility. CODI expects to record a pre-tax gain on the sale of Advanced Circuits ranging between \$100 million and \$110 million for the quarter ended March 31, 2023.

The foregoing brief description of the Agreement is not meant to be exhaustive and is qualified in its entirety by the Agreement itself, which is incorporated herein by reference to Exhibit 2.1 to CODI’s Current Report on Form 8-K filed on January 11, 2023.

On February 15, 2023, CODI issued a Press Release announcing the closing of the Advanced Circuits sale. The foregoing description of the Press Release is qualified in its entirety by reference to the complete text of the Press Release furnished as Exhibit 99.1 hereto, which is hereby incorporated by reference herein.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

| Exhibit Number | Description |
|----------------|---|
| 99.1 | Press Release dated February 15, 2023 announcing the closing of the Advanced Circuits sale. |
| 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: February 15, 2023

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: February 15, 2023

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham

Chief Financial Officer



Compass Diversified Completes Sale of Advanced Circuits

WESTPORT, Conn., February 15, 2023 - Compass Diversified (NYSE: CODI) (“CODI” or the “Company”), an owner of leading middle market businesses, today announced the completion of the Company’s previously announced sale of its majority owned subsidiary, Compass AC Holdings, Inc., the parent company of Advanced Circuits, Inc. (“Advanced Circuits” or “the Company”), to APCT, Inc. (“APCT”), a leading manufacturer of high reliability printed circuit boards, and portfolio company of Industrial Growth Partners.

The sale price was based on an enterprise value of \$220 million plus estimated cash and working capital adjustments subject to customary post-closing true-ups. After these adjustments, as well as for an allocation to ACI’s non-controlling shareholders and the payment of transaction expenses, CODI received approximately \$170 million of total proceeds from the sale at closing. This amount was in respect of its debt and equity interests in ACI and the payment of accrued interest. As previously announced, CODI expects to record a pre-tax gain of approximately \$100 million to \$110 million from the sale. Net proceeds will be used to pay off outstanding revolver borrowings.

Elias Sabo, CEO of Compass Diversified, stated, “We are deeply proud of our partnership and success with John and Jeff Yacoub, which started more than sixteen years ago. CODI’s permanent capital structure and support throughout this partnership has generated significant value for our shareholders, and we are grateful for the Advanced Circuit team’s contributions and look forward to their continued success.”

Jefferies LLC acted as exclusive financial advisor and Ropes & Gray LLP acted as legal counsel to CODI. Kirkland & Ellis LLP acted as legal counsel to APCT.

About Compass Diversified

Since its founding in 1998, CODI has consistently executed on its strategy of owning and managing a diverse set of highly defensible, middle-market businesses across the niche industrial, branded consumer and healthcare sectors. The Company leverages its permanent capital base, long-term disciplined approach, and actionable expertise to maintain controlling ownership interests in each of its subsidiaries, maximizing its ability to impact long-term cash flow generation and value creation. The Company provides both debt and equity capital for its subsidiaries, contributing to their financial and operating flexibility. CODI utilizes the cash flows generated by its subsidiaries to invest in the long-term growth of the Company and has consistently generated strong returns

through its culture of transparency, alignment and accountability. For more information, please visit compassdiversified.com.

Forward Looking Statements

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements with regard to the expectations of gains to be realized in connection with the sale of ACI. Words such as "believes," "expects," "anticipates," "intends," "projects," "assuming," and "future" or similar expressions, are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, and some of these factors are enumerated in the risk factor discussion in the Form 10-K filed by CODI with the SEC for the year ended December 31, 2021 and other filings with the SEC, including quarterly reports on Form 10-Q and current reports on Form 8-K. Forward-looking statements speak only as of the date they are made. Except as required by law, CODI undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Investor Relations

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