



CODI FAQs



Q: Who is Compass Diversified Holdings (CODI)?

A: CODI is a publicly traded holding company (NYSE: CODI) that partners with management teams to acquire and manage North American middle market businesses. CODI is managed by Compass Group Management LLC, an active and highly successful acquirer and manager of middle market companies since 1998.



Q: What types of transactions is CODI looking for?

A: Compass Diversified Holdings acquires controlling interests in companies with the following characteristics:

- i. Leading niche industrial or branded consumer companies headquartered in North America;
- ii. Preferred transaction size of \$100mm to \$700mm;
- iii. Positive and stable EBITDA of at least \$10mm per annum*;
- iv. Highly defensible positions in their markets and with their customers (i.e. has a reason to exist and their absence from the market place would disrupt the category);
- v. Operating in industries with favorable long term macroeconomic trends;
- vi. Strong management teams, either currently in place or previously identified.

*Add-on acquisition criteria are specific by subsidiary company and would include a smaller size range.



Q: Is CODI a lender?

A: No. While CODI provides the entire capital structure for target transactions, we only pursue opportunities in which we can be the control equity investor.



Q: How does CODI acquire businesses without financing contingencies?

A: Instead of relying on outside/third-party debt lenders, we draw from the substantial cash on our balance sheet, as well as over \$1bn of senior secured credit facilities to finance both the equity and debt for our acquisition of portfolio companies.



Q: How many subsidiary (portfolio) companies does CODI have?

A: Our portfolio currently consists of ten majority-owned subsidiaries across a broad range of sub-sectors within niche industrial and branded consumer industries (recreational and consumer products, safety & security, electronic components, food, foodservice, environmental services, highly engineered magnetic



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CODI FAQs (continued)

Q: How long does CODI typically own a business?

A: CODI has no specific preconceptions or requirements with regard to ownership period. We have found that imposition of such artificial time constraints frustrates management and leads to suboptimal performance for our companies. In general, we have found that a holding period of five to seven years is the most typical for our companies, but we have owned some for shorter periods and others for longer.

Q: Does CODI have a “fund”? How much “dry powder” does CODI possess?

A: No. CODI, as a public company, has a permanent capital base and therefore does not invest from a traditional private equity fund. CODI draws its capital from its publicly traded equity and its credit facility. CODI has substantial cash on its balance sheet, as well as over \$1bn of senior secured credit facilities that will be used for new platform and add-on acquisitions.

Q: Is CODI a Business Development Corporation (BDC)?

A: No. Unlike business development companies, which are primarily passive lenders, CODI only participates in transactions as a control equity investor. Additionally, CODI's structure is significantly different in that we operate as a holding company, not a registered investment company, without debt restrictions or dividend payout requirements.

Q: Is CODI a blind-pool acquisition fund or SPAC?

A: No. CODI is basically the opposite of a SPAC. CODI shareholders invest through us in a portfolio of diverse businesses. Shareholders do not have any approval rights with regard to transactions. Consummation of transactions with CODI is typically faster than with private equity firms as we require no outside financing. Transaction consummation with SPACs is frequently slowed dramatically by required shareholder approvals.

Q: Who should I contact if I would like additional information about CODI or would like to discuss potential opportunities?

A: David Swanson, Partner at 203-221-1703, davids@compassequity.com or visit our website: www.compassequity.com.