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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-38990

Advantage Solutions Inc.
(Exact name of registrant as specified in its charter)

Delaware	**83-4629508**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

8001 Forsyth Blvd, Suite 1025
Clayton, Missouri 63105
(Address of principal executive offices)

(314) 655-9333
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.0001 par value per share	ADV	Nasdaq Global Select Market
Warrants exercisable for one share of Class A common stock at an exercise price of $11.50 per share	ADVWW	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 9, 2024, the registrant had 322,179,519 shares of Class A common stock outstanding.

Advantage Solutions Inc.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADVANTAGE SOLUTIONS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands, except share data)	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 112,293	$ 120,839
Restricted cash	15,712	16,363
Accounts receivable, net of allowance for expected credit losses from continuing operations of $16,795 and $32,725, respectively	649,420	685,201
Prepaid expenses and other current assets	93,845	117,649
Current assets of discontinued operations	60,858	71,982
Total current assets	932,128	1,012,034
Property and equipment, net	82,968	69,191
Goodwill	833,491	833,491
Other intangible assets, net	1,522,359	1,567,829
Investments in unconsolidated affiliates	220,445	211,393
Other assets	42,681	43,615
Other assets of discontinued operations	—	41,770
Total assets	$ 3,634,072	$ 3,779,323
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	$ 13,275	$ 13,274
Accounts payable	190,891	177,360
Accrued compensation and benefits	90,096	163,421
Other accrued expenses	147,121	144,446
Deferred revenues	23,392	27,428
Current liabilities of discontinued operations	12,153	15,368
Total current liabilities	476,928	541,297
Long-term debt, net of current portion	1,795,878	1,848,118
Deferred income tax liabilities	203,399	204,136
Other long-term liabilities	73,684	74,915
Other liabilities of discontinued operations	—	6,780
Total liabilities	2,549,889	2,675,246
Commitments and contingencies (Note 9)		
Common stock, $0.0001 par value, 3,290,000,000 shares authorized; 323,894,143 and 322,235,261 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	32	32
Additional paid in capital	3,447,038	3,449,261
Accumulated deficit	(2,319,957)	(2,314,650)
Loans to Karman Topco L.P.	(6,536)	(6,387)
Accumulated other comprehensive loss	(6,662)	(3,945)
Treasury stock, at cost; 6,600,075 and 3,600,075 shares as of March 31, 2024 and December 31, 2023, respectively	(30,638)	(18,949)
Total equity attributable to stockholders of Advantage Solutions Inc.	1,083,277	1,105,362
Nonredeemable noncontrolling interest	906	(1,285)
Total stockholders' equity	1,084,183	1,104,077
Total liabilities, redeemable noncontrolling interest, and stockholders' equity	$ 3,634,072	$ 3,779,323

See Notes to the Condensed Consolidated Financial Statements.

ADVANTAGE SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

(in thousands, except share and per share data)	**Three Months Ended March 31, 2024**	**Three Months Ended March 31, 2023**
Revenues	$ 879,003	$ 944,382
Cost of revenues (exclusive of depreciation and amortization shown separately below)	763,872	826,855
Selling, general, and administrative expenses	89,664	56,289
Depreciation and amortization	51,540	54,494
Income from unconsolidated investments	689	—
Total operating expenses	905,765	937,638
Operating (loss) income from continuing operations	(26,762)	6,744
Other expenses (income):		
Change in fair value of warrant liability	287	(73)
Interest expense, net	35,761	47,165
Total other expenses	36,048	47,092
Loss from continuing operations before income taxes	(62,810)	(40,348)
Benefit from income taxes for continuing operations	(13,703)	(5,978)
Net loss from continuing operations	(49,107)	(34,370)
Net income (loss) from discontinued operations, net of tax	45,992	(13,308)
Net loss	(3,115)	(47,678)
Less: net income (loss) from discontinued operations attributable to noncontrolling interest	2,192	(91)
Net loss attributable to stockholders of Advantage Solutions Inc.	$ (5,307)	$ (47,587)
Net loss per common share:		
Basic net loss per common share from continuing operations	$ (0.15)	$ (0.11)
Basic net income (loss) per common share from discontinued operations	$ 0.14	$ (0.04)
Basic net loss per common share attributable to stockholders of Advantage Solutions Inc.	$ (0.02)	$ (0.15)
Diluted net loss per share:		
Diluted net loss per common share from continuing operations	$ (0.15)	$ (0.11)
Diluted net income (loss) per common share from discontinued operations	$ 0.14	$ (0.04)
Diluted net loss per common share attributable to stockholders of Advantage Solutions Inc.	$ (0.02)	$ (0.15)
Weighted-average number of common shares:		
Basic	321,458,155	321,135,117
Diluted	321,458,155	321,135,117
Comprehensive (Loss) Income:		
Net loss attributable to stockholders of Advantage Solutions Inc.	$ (5,307)	$ (47,587)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(2,717)	1,524
Total comprehensive loss attributable to stockholders of Advantage Solutions Inc.	$ (8,024)	$ (46,063)

See Notes to the Condensed Consolidated Financial Statements.

ADVANTAGE SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY
(UNAUDITED)

(in thousands, except share data)	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Loans to Topco	Accumulated Other Comprehensive Income (Loss)	Advantage Solutions Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
Balance at January 1, 2024	322,235,261	$ 32	3,600,075	$ (18,949)	$ 3,449,261	$ (2,314,650)	$ (6,387)	$ (3,945)	$ 1,105,362	$ (1,285)	$ 1,104,077
Comprehensive (loss) income											
Net (loss) income	—	—	—	—	—	(5,307)	—	—	(5,307)	2,192	(3,115)
Foreign currency translation adjustments	—	—	—	—	—	—	—	(2,717)	(2,717)	(1)	(2,718)
Total comprehensive (loss) income	—	—	—	—	—	—	—	—	(8,024)	2,191	(5,833)
Interest on loans to Karman Topco L.P.	—	—	—	—	—	—	(149)	—	(149)	—	(149)
Purchase of treasury stock	(3,000,000)	—	3,000,000	(11,689)	—	—	—	—	(11,689)	—	(11,689)
Equity-based compensation of Karman Topco L.P.	—	—	—	—	390	—	—	—	390	—	390
Shares issued under 2020 Employee Stock Purchase Plan	581,954	—	—	—	1,167	—	—	—	1,167	—	1,167
Payments for taxes related to net share settlement under 2020 Incentive Award Plan	—	—	—	—	(9,688)	—	—	—	(9,688)	—	(9,688)
Shares issued under 2020 Incentive Award Plan	4,076,928	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	5,908	—	—	—	5,908	—	5,908
Balance at March 31, 2024	323,894,143	$ 32	6,600,075	$ (30,638)	$ 3,447,038	$ (2,319,957)	$ (6,536)	$ (6,662)	$ 1,083,277	$ 906	$ 1,084,183

(in thousands, except share data)	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Loans to Topco	Other Comprehensive Income (Loss)	Advantage Solutions Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount							
Balance at January 1, 2023	319,690,300	$ 32	1,610,014	$ (12,567)	$ 3,408,836	$ (2,247,109)	$ (6,363)	$ (18,849)	$ 1,123,980	$ 101,744	$ 1,225,724
Comprehensive (loss) income											
Net loss	—	—	—	—	—	(47,587)	—	—	(47,587)	(170)	(47,757)
Foreign currency translation adjustments	—	—	—	—	—	—	—	1,524	1,524	1,813	3,337
Total comprehensive (loss) income	—	—	—	—	—	—	—	—	(46,063)	1,643	(44,420)
Interest on loans to Karman Topco L.P.	—	—	—	—	—	—	(6)	—	(6)	—	(6)
Equity-based compensation of Karman Topco L.P.	—	—	—	—	(2,269)	—	—	—	(2,269)	—	(2,269)
Shares issued under 2020 Employee Stock Purchase Plan	674,976	—	—	—	1,193	—	—	—	1,193	—	1,193
Payments for taxes related to net share settlement under 2020 Incentive Award Plan	—	—	—	—	(1,277)	—	—	—	(1,277)	—	(1,277)
Shares issued under 2020 Incentive Award Plan	3,190,022	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	11,078	—	—	—	11,078	—	11,078
Balance at March 31, 2023	323,555,298	$ 32	1,610,014	$ (12,567)	$ 3,417,561	$ (2,294,696)	$ (6,369)	$ (17,325)	$ 1,086,636	$ 103,387	$ 1,190,023

See Notes to the Condensed Consolidated Financial Statements.

ADVANTAGE SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Three Months Ended March 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (3,115)	$ (47,678)
Net income (loss) from discontinued operations, net of tax	45,992	(13,308)
Net loss from continuing operations	(49,107)	(34,370)
Adjustments to reconcile net loss to net cash provided by operating activities		
Noncash interest income	(4,165)	1,885
Amortization of deferred financing fees	1,800	2,109
Depreciation and amortization	51,540	54,494
Change in fair value of warrant liability	287	(73)
Fair value adjustments related to contingent consideration	689	4,292
Deferred income taxes	(423)	(16,448)
Equity-based compensation of Karman Topco L.P.	390	(2,269)
Stock-based compensation	7,220	11,210
Equity in earnings of unconsolidated affiliates	689	—
Distribution received from unconsolidated affiliates	1,282	588
Gain on repurchases of Senior Secured Notes	(2,669)	—
Gain on disposal of property and equipment	469	—
Changes in operating assets and liabilities, net of effects from divestitures and purchases of businesses:		
Accounts receivable, net	34,472	63,590
Prepaid expenses and other assets	19,743	22,290
Accounts payable	8,877	(45,410)
Accrued compensation and benefits	(72,751)	(53,086)
Deferred revenues	(3,935)	11,084
Other accrued expenses and other liabilities	(3,302)	21,510
Net cash (used in) provided by operating activities from continuing operations	(8,894)	41,396
Net cash provided by operating activities from discontinued operations	1,060	1,690
Net cash (used in) provided by operating activities	(7,834)	43,086
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment in unconsolidated affiliates	(2,500)	—
Purchase of property and equipment	(16,155)	(5,988)
Proceeds from divestitures	87,370	—
Net cash provided by (used in) investing activities from continuing operations	68,715	(5,988)
Net cash used in investing activities from discontinued operations	(1,010)	(1,290)
Net cash provided by (used in) investing activities	67,705	(7,278)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under lines of credit	—	56,843
Payments on lines of credit	—	(56,033)
Principal payments on long-term debt	(3,318)	(3,317)
Repurchases of Senior Secured Notes and Term Loan Facility debt	(47,899)	(1,725)
Proceeds from issuance of common stock	1,167	1,193
Payments for taxes related to net share settlement under 2020 Incentive Award Plan	(3,292)	(1,277)
Contingent consideration payments	(1,851)	(1,101)
Holdback payments	—	(1,380)
Purchase of treasury stock	(11,689)	—
Net cash used in financing activities from continuing operations	(66,882)	(6,797)
Net cash used in financing activities from discontinued operations	(73)	(81)
Net cash used in financing activities	(66,955)	(6,878)
Net effect of foreign currency changes on cash from continuing operations	(2,136)	1,311
Net effect of foreign currency changes on cash from discontinued operations	(310)	(10)
Net effect of foreign currency changes on cash	(2,446)	1,301
Net change in cash, cash equivalents and restricted cash	(9,530)	30,231
Cash, cash equivalents and restricted cash, beginning of period	142,842	138,532
Cash, cash equivalents and restricted cash, end of period	133,312	168,763
Less: Cash, cash equivalents and restricted cash of discontinued operations	5,307	3,010
Cash, cash equivalents and restricted cash, end of period	$ 128,005	$ 165,753
SUPPLEMENTAL CASH FLOW INFORMATION		
(Gain) loss on divestitures from discontinued operations	$ (57,016)	$ 16,497
Purchase of property and equipment recorded in accounts payable and accrued expenses	$ 5,238	$ 2,105

See Notes to the Condensed Consolidated Financial Statements.

ADVANTAGE SOLUTIONS INC.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

1. Organization and Significant Accounting Policies

Advantage Solutions Inc. (the “Company”) is a provider of outsourced solutions to consumer goods companies and retailers. The Company’s Class A common stock is listed on the Nasdaq Global Select Market under the symbol “ADV” and warrants to purchase the Class A common stock at an exercise price of $11.50 per share are listed on the Nasdaq Global Select Market under the symbol “ADVWW”.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. The unaudited condensed consolidated financial statements do not include all of the information required by accounting principles generally accepted in the United States (“GAAP”). The Condensed Consolidated Balance Sheet at December 31, 2023 was derived from the audited Consolidated Balance Sheet at that date and does not include all the disclosures required by GAAP. In the opinion of management, all adjustments which are of a normal recurring nature and necessary for a fair statement of the results as of March 31, 2024 and for the three months ended March 31, 2024 and 2023 have been reflected in the condensed consolidated financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2023 and the related footnotes thereto. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results to be expected during the remainder of the current year or for any future period.

As of March 31, 2024, the Company determined that certain businesses that have been disposed of and businesses classified as held for sale as of March 31, 2024 met the criteria for discontinued operations presentation. For all periods presented, the operating results associated with the businesses disposed of and classified as held for sale have been reclassified into net income (loss) from discontinued operations, net of income taxes and net income (loss) from discontinued operations attributable to non-controlling interest in the Consolidated Statements of Operations. The assets and liabilities associated with these businesses have been reflected as current and long-term assets and liabilities of discontinued operations in the Consolidated Balance Sheets, and the Cash flows from the Company’s discontinued operations are presented in the Consolidated Statements of Cash Flows for all periods presented Refer to Note 2—*Held for Sale, Divestitures and Discontinued Operations* for additional information on the Company’s assets and liabilities classified as held for sale and the Company's discontinued operations.

Certain prior period balances related to the Company's reportable segments and discontinued operations have been reclassified to conform to the current presentation in the financial statements and accompanying notes. The notes to the condensed consolidated financial statements are presented on a continuing operations basis unless otherwise noted. Refer to Note 8—*Segments* for additional information on the Company’s reportable segments. Refer to Note 2—*Held for Sale, Divestitures and Discontinued Operations* for additional information on the Company’s discontinued operations.

Reportable Segments

Effective January 1, 2024, Advantage Solutions Inc. revised its reportable segments to align with the Company's business strategy, and the manner in which the Chief Executive Officer, the Company's chief operating decision maker, assesses performance and makes decisions regarding the allocation of resources for the Company. The Company’s revised operating and reportable segments consist of Branded Services, Experiential Services, and Retailer Services. This change had no impact on the Company’s Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Comprehensive Loss, and Condensed Consolidated Statements of Stockholders' Equity. Prior period segment results have been reclassified to reflect the Company’s new reportable segments on a continuing operations basis. Refer to Note 8—*Segments* for additional information on the Company’s reportable segments.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net identifiable tangible and intangible assets acquired in an acquisition. The Company tests for impairment of goodwill at the reporting unit level. The Company generally combines components that have similar economic characteristics, nature of services, types of clients, distribution methods and regulatory environment. In connection with the Company's reorganization and the associated change in operating segments, the Company reassessed its reporting units and concluded that it has five reporting units (Branded Services, Branded Agencies, Experiential Services, Merchandising and Retailer Agencies). As a result, the Company performed the required impairment assessments directly before and immediately after the change in reporting units as of January 1, 2024. The assets and liabilities were reassigned to the applicable reporting units and allocated goodwill using the relative fair value approach. The estimated fair value of the underlying reporting units was determined based on a combination of the income and market approaches. The income approach utilizes estimates of discounted cash flows for the underlying business, which requires assumptions for growth rates, EBITDA margins, terminal growth rate, discount rate, and incremental net working capital, all of which require significant management judgment. The market approach applies market multiples derived from historical earnings data of selected guideline publicly traded companies that are first screened by industry group and then further narrowed on the reporting units' business descriptions, markets served, competitors, EBITDA margins and revenue size. The Company compared a weighted average of the output from the income and market approaches to compute the fair value of the reporting units. The assumptions in the income and market approach are based on significant inputs not observable in the market and thus represent Level three measurements within the fair value hierarchy.

In conjunction with the tests performed as of January 1, 2024, each of the fair values for the reporting units tested was in excess of its carrying amount. The fair values of the Branded Agencies and Experiential Services reporting units exceeded their respective carrying values by less than 20%. As of March 31, 2024, there were no indicators of goodwill impairment.

Indefinite Lived Intangible Assets

Intangible assets with indefinite useful lives are not amortized but tested annually, at the beginning of the fourth quarter, for impairment or more often if events occur or circumstances change that would create a triggering event. Prior to the segment change, the Company went to market with the Advantage Trade Name being specifically used and assessed for impairment in the Sales and Marketing businesses. As a result of the change in the Company's reportable segments effective as of January 1, 2024, the Company determined, based on the change in the planned use of the Advantage Trade Name intangible asset, that the Advantage Trade Name should be considered an entity-wide asset for reporting and impairment testing purposes. As of January 1, 2024, the Company concluded there was a triggering event for an interim impairment assessment due to the change in unit of account of the indefinite-lived intangibles. Based on the interim impairment assessment, the estimated fair values exceeded their carrying values, thus no impairment was recorded.

Revenue Recognition

The Company recognizes revenue when control of promised goods or services is transferred to the client in an amount that reflects the consideration that the Company expects to be entitled to in exchange for such goods or services. Substantially all of the Company's contracts with clients involve the transfer of a service to the client, which represents a performance obligation that is satisfied over time because the client simultaneously receives and consumes the benefits of the services provided. In most cases, the contracts provide for a performance obligation that is comprised of a series of distinct services that are substantially the same and that have the same pattern of transfer (i.e., distinct days of service). For these contracts, the Company allocates the ratable portion of the consideration based on the services provided in each period of service to such period.

Revenues related to the Branded Services segment are primarily recognized in the form of commissions, fee-for-service and cost-plus fees for providing headquarter relationship management, execution of merchandising strategies and omni-commerce marketing services.

Revenues within the Branded Services segment are further disaggregated between brokerage services, branded merchandising services, omni-commerce marketing services, and revenues related to the Company's international joint venture (prior to the deconsolidation during fiscal year 2023). Brokerage services revenues are primarily outsourced sales and services for branded consumer goods manufacturers at retailer headquarters, in-store and online. Branded merchandising services relate to merchandising in-store and online for branded consumer goods manufacturers. Omni-commerce marketing services primarily relate to digital and field marketing services.

Experiential Services segment revenues are primarily recognized in the form of fee-for-service and cost-plus fees for providing in-store, digital sampling and demonstrations, where the Company manages highly customized, large-scale sampling programs for leading brands and retailers.

Retailer Services segment revenues are primarily recognized in the form of commissions, fee-for-service and cost-plus fees for providing consulting services related to private brand development, the execution of merchandising strategies and marketing strategies within retailer locations, including retail media networks and analyzing shopper behavior.

Revenues within the Retailer Services segment are further disaggregated between advisory services, retailer merchandising services and agency services to retailers. Advisory services primarily consist of consulting services related to private brand development. Retailer merchandising services primarily relate to the execution of merchandising strategies. Agency services primarily consist of providing marketing strategies within retail locations.

Disaggregated revenues were as follows:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Branded Services		
Omni-commerce marketing services	$ 112,360	$ 112,927
Brokerage services	127,022	131,665
Branded merchandising services	105,147	106,863
International joint venture	—	93,407
Total Branded Services revenue	344,529	444,862
Experiential Services		
Experiential services	307,351	257,167
Total Experiential Services revenue	307,351	257,167
Retailer Services		
Agency services	16,824	14,232
Advisory services	38,712	39,067
Retailer merchandising services	171,587	189,054
Total Retailer Services revenue	227,123	242,353
Total revenues	$ 879,003	$ 944,382

Contract liabilities represent deferred revenues, which are cash payments that are received in advance of the Company's satisfaction of the applicable obligation and are included in Deferred revenues in the Condensed Consolidated Balance Sheets. Deferred revenues are recognized as revenues when the related services are performed for the client. Revenues recognized during the three months ended March 31, 2024 included in Deferred revenues as of December 31, 2023 were $13.3 million. Revenues recognized during the three months ended March 31, 2023 included in Deferred revenues as of December 31, 2022 were $12.8 million.

Accounting Standards Recently Issued but Not Yet Adopted by the Company

In December 2023, the FASB issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires entities to expand their existing income tax disclosures, specifically related to the rate reconciliation and income taxes paid. The standard is effective for the Company beginning in fiscal year 2025, with early adoption permitted. The new standard is expected to be applied prospectively, but retrospective application is permitted. The Company is currently evaluating the impact of ASU 2023-09 on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*, which requires entities to disclose incremental segment information on an annual and interim basis, including significant segment expenses and measures of profit or loss that are regularly provided to the chief operating decision maker (“CODM”). The standard is effective for the Company beginning in fiscal year 2024 and interim periods within fiscal year 2025, with early adoption permitted. The Company is currently evaluating the impact of ASU 2023-07 on the consolidated financial statements and related disclosures and expects to adopt the new standard using a retrospective approach.

In March 2024, the Securities Exchange Commission (“SEC”) adopted final climate-related disclosure rules under SEC Release Nos. 33-11275 and 34-99678, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. The rules require disclosure of governance, risk management and strategy related to material climate-related risks as well as disclosure of material greenhouse gas emissions in registration statements and annual reports. In addition, the rules require presentation of certain material climate-related disclosures in the annual consolidated financial statements. On April 4, 2024, the SEC voluntarily stayed the effective date of the final rules pending completion of judicial review following legal challenges. The disclosure requirements will apply to the Company's fiscal year reporting beginning October 4, 2025, pending resolution of the stay. The Company is currently evaluating the impact of the rules on the consolidated financial statements and related disclosures.

Other new accounting pronouncements recently issued or newly effective were not applicable to the Company, did not have a material impact on the condensed consolidated financial statements or are not expected to have a material impact on the condensed consolidated financial statements.

2. Held for Sale, Divestitures and Discontinued Operations

Held for Sale

As of March 31, 2024, and December 31 2023, the Company classified certain assets and liabilities as held for sale in the condensed consolidated balance sheet, primarily relating assets and liabilities to be disposed of by sale (“disposal groups”) which are “held for sale” if their carrying amounts are principally expected to be recovered through a sale transaction rather than through continuing use. Assets and liabilities to be disposed of by sale are classified as held for sale if the carrying amount is principally expected to be recovered through a sale rather than through continuing use. The classification occurs when the disposal group is available for immediate sale and the sale is probable. These criteria are generally met when an agreement to sell exists, or management has committed to a plan to sell the assets within one year. When the criteria are met and the proceeds from the sale will not be utilized to pay down long-term borrowings, the Company classifies these assets and liabilities held for sale as current. Disposal groups are measured at the lower of carrying amount or fair value less costs to sell, and long-lived assets included within the disposal group are not depreciated or amortized. The fair value of a disposal group, less any costs to sell, is assessed each reporting period it remains classified as held for sale and any remeasurement to the lower of carrying value or fair value less costs to sell is reported as an adjustment to the carrying value of the disposal group. The Company determined that the disposal groups classified as held for sale met the criteria for classification as discontinued operations as discussed below. The assets and liabilities related to these businesses are included in the discontinued operations captions in the Condensed Consolidated Balance Sheets.

In May 2024, the Company entered into an agreement and sold a branded marketing agency that was held for sale as of March 31, 2024. The Company received approximately $42.5 million less estimated working capital adjustments. The Company is currently in the process of finalizing the accounting for this transaction and has determined that the gain or loss on this sale is impractical to report as of the date of this filing.

2023 Divestitures

In April 2023, the Company entered into an agreement to sell certain assets and liabilities classified as held for sale as of March 31, 2023 (collectively, the “2023 Divestitures”). The Company determined that the disposal groups classified as held for sale did not meet the criteria for classification as discontinued operations as of March 31, 2023. During the three months ended March 31, 2023, the Company recorded a loss of $11.7 million to remeasure the disposal group to fair value plus costs to sell and a loss of $4.8 million loss on divestitures as a component of “Net income (loss) from discontinued operations, net of tax” in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

2024 Divestitures

On January 31, 2024, the Company sold a collection of foodservice businesses, previously classified as held for sale (as current assets) as of December 31, 2023 (collectively the 2024 “Divestitures”). As part of the sale, the foodservice businesses were combined with an entity owned by the buyer, with the Company receiving approximately $91.0 million, subject to working capital adjustments and an ongoing 7.5% interest in the combined business. The ongoing ownership interest represents a continuing involvement which the Company has determined represents an equity method investment. Upon the close of the transaction, the retained 7.5% interest was recognized at fair value of $8.4 million, valued using unobservable inputs (i.e., Level 3 inputs), primarily discounted cash flow. During the three months ended March 31, 2024, the Company recorded a gain on the divestiture of the collection of foodservice businesses of $56.6 million reported as a component of “Net income (loss) from discontinued operations, net of tax” in the Condensed Consolidated Statements of Operations and Comprehensive Loss. Proceeds from the sale were classified as cash provided by investing activities from continuing operations in the Condensed Consolidated Statements of Cash Flows.

Effective February 1, 2024, the Company’s investment in the combined foodservice business is accounted for under the equity method of accounting, with the investment reported in “Investments in unconsolidated affiliates” on the Condensed Consolidated Balance Sheets and an immaterial amount of equity income (loss) reported in “Income from unconsolidated investments” on the Condensed Consolidated Statements of Operations and Other Comprehensive Loss for the three months ended March 31, 2024. Transactions between the Company and the combined foodservice entity are considered to be related-party transactions subsequent to the divesture.

Discontinued Operations

The Company classifies a business that has been disposed of or is classified as held for sale as a discontinued operation when the criteria prescribed by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 205, *Presentation of Financial Statements* are met. While the 2023 Divestitures did not previously qualify for presentation as discontinued operations, the Company concluded that, in the aggregate, the sales of these businesses along with the 2024 Divestitures and businesses held for sale as of March 31, 2024 met the criteria for discontinued operations presentation during the three months ended March 31, 2024 (collectively, the “discontinued operations”), which are part of a single disposal plan. As a result, each of these businesses has been reclassified to discontinued operations in the Condensed Consolidated Statements of Operations and Condensed Consolidated Balance sheets for all periods presented.

As part of the agreements for the 2023 Divestitures and 2024 Divestitures, the Company has agreed to provide certain transitional services as defined within the respective Transition Services Agreement for a period of time after sale. Income and expenses related to these transitional services are immaterial and are reported in “Net loss from continuing operations” on the Condensed Consolidated Statements of Operations and Other Comprehensive Loss.

The following table presents the summarized balance sheets of discontinued operations.

(in thousands)	March 31, 2024	December 31, 2023
Carrying amounts of major classes of assets		
Cash and cash equivalents	$ 5,307	$ 5,641
Accounts receivable, net of allowance for expected credit losses of $2,181 and $2,082, respectively	15,652	31,146
Prepaid and other current assets	616	5,112
Property and equipment, net	5,292	5,762
Goodwill	21,900	37,100
Other intangible assets, net	11,938	25,024
Other assets	153	3,967
Total assets of discontinued operations (1)	60,858	113,752
Carrying amounts of major classes of liabilities		
Current portion of long-term debt	$ 285	$ 306
Accounts payable	2,952	5,271
Accrued compensation and benefits	2,027	3,756
Other accrued expenses	28	3,181
Deferred revenues	587	2,306
Long-term debt, net of current portion	4,557	4,666
Other liabilities	1,717	2,662
Total liabilities of discontinued operations (1)	$ 12,153	$ 22,148
Total net assets of the disposal group classified as discontinued operations	$ 48,705	$ 91,604

(1) Certain assets and liabilities from discontinued operations are classified as noncurrent at December 31, 2023 as they did not previously meet the held-for-sale criteria at that date.

The following table presents the summarized statements of operations of discontinued operations.

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Revenues	$ 27,043	$ 67,601
Cost of revenues (exclusive of depreciation and amortization shown separately below)	23,190	61,185
Selling, general, and administrative expenses	1,954	2,309
Depreciation and amortization	816	2,610
(Gain) loss on divestitures	(57,016)	16,497
Total operating (income) expenses	(31,056)	82,601
Operating income (loss) from discontinued operations	58,099	(15,000)
Other expenses:		
Interest expense, net	32	26
Total other expenses	32	26
Income (loss) before income taxes from discontinued operations, net of tax	58,067	(15,026)
Provision for (benefit from) income taxes from discontinued operations	12,075	(1,718)
Net income (loss) from discontinued operations	45,992	(13,308)
Less: net income (loss) from discontinued operations attributable to noncontrolling interest	2,192	(91)
Net income (loss) from discontinued operations attributable to stockholders of Advantage Solutions Inc.	$ 43,800	$ (13,217)

3. Goodwill and Intangible Assets

The following tables set forth information for goodwill by reportable segment:

(in thousands)	Branded Services	Retailer Services	Experiential Services	Total
Balance at December 31, 2023	$ 376,109	$ 217,955	$ 239,427	$ 833,491
Balance at March 31, 2024	$ 376,109	$ 217,955	$ 239,427	$ 833,491

Accumulated impairment losses related to goodwill were $2.0 billion as of March 31, 2024 and December 31, 2023.

The following tables set forth information for intangible assets:

		March 31, 2024			
(amounts in thousands)	Weighted Average Useful Life	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment Charges	Net Carrying Value
Finite-lived intangible assets:					
Client relationships	14 years	$ 2,313,682	$ 1,477,634	$ —	$ 836,048
Trade names	10 years	88,600	55,708	—	32,892
Developed technology	7 years	3,100	1,181	—	1,919
Total finite-lived intangible assets		2,405,382	1,534,523	—	870,859
Indefinite-lived intangible assets:					
Trade name		1,480,000	—	828,500	651,500
Total other intangible assets		$ 3,885,382	$ 1,534,523	$ 828,500	$ 1,522,359

		December 31, 2023			
(amounts in thousands)	Weighted Average Useful Life	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment Charges	Net Carrying Value
Finite-lived intangible assets:					
Client relationships	14 years	$ 2,313,792	$ 1,434,600	$ —	$ 879,192
Trade names	10 years	88,600	53,493	—	35,107
Developed technology	7 years	7,500	5,470	—	2,030
Total finite-lived intangible assets		2,409,892	1,493,563	—	916,329
Indefinite-lived intangible assets:					
Trade name		1,480,000	—	828,500	651,500
Total other intangible assets		$ 3,889,892	$ 1,493,563	$ 828,500	$ 1,567,829

Amortization of intangible assets was $45.8 million and $49.7 million for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, estimated future amortization expense of the Company's finite-lived intangible assets are as follows:

(in thousands)	
Remainder of 2024	$ 135,889
2025	175,582
2026	172,073
2027	170,382
2028	134,947
Thereafter	81,986
Total amortization expense	$ 870,859

4. Debt

(in thousands)	March 31, 2024	December 31, 2023
Term Loan Facility	$ 1,145,744	$ 1,149,057
Senior Secured Notes	692,000	743,000
Other notes	119	426
Total long-term debt	1,837,863	1,892,483
Less: current portion	13,275	13,274
Less: debt issuance costs	28,710	31,091
Long-term debt, net of current portion	$ 1,795,878	$ 1,848,118

As of March 31, 2024, the Company had $1.1 billion of debt outstanding under the Term Loan Facility and $692.0 million of debt outstanding under the Notes (both as defined in the Annual Report on Form 10-K filed March 1, 2024 for the year ended December 31, 2023 (the "2023 Annual Report") with maturity dates of October 28, 2027 and November 15, 2028, respectively. The Term Loan Facility bears interest at a floating rate of Term SOFR plus an applicable margin of 4.50% per annum, subject to an additional spread adjustment on SOFR ranging from 0.11% to 0.26%. Interest on the Notes is payable semi-annually in arrears at a rate of 6.50% per annum.

The Company was in compliance with all of its affirmative and negative covenants under the Term Loan Facility and Notes as of March 31, 2024. In addition, the Company is required to repay the principal under the Term Loan Facility in the greater amount of its excess cash flow, as such term is defined in the agreement governing the Term Loan Facility, or $13.3 million, per annum, in quarterly payments. The Company made the minimum quarterly principal payments of $3.3 million during the three months ended March 31, 2024 and 2023. No payments under the excess cash flow calculation were required in such periods. In May 2023 (the "Second Lien Amendment Effective Date"), the Company amended the Term Loan Facility to replace the U.S. Dollar LIBOR provisions with SOFR, effective June 30, 2023.

The Company voluntarily repurchased an aggregate of $51.0 million principal amount of its Senior Secured Notes during the three months ended March 31, 2024. The Company recognized a gain on the repurchase of the Senior Secured Notes of $2.7 million for the three months ended March 31, 2024, as a component of "Interest expense, net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss. The Company voluntarily repurchased an aggregate of $1.7 million principal amount from the Term Loan Facility during the three months ended March 31, 2023. The Company recognized a gain on the repurchase from the Term Loan Facility of $0.3 million for the three months ended March 31, 2023, as a component of "Interest expense, net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

As of March 31, 2024, the Company had no borrowings under the Revolving Credit Facility (as defined in the 2023 Annual Report). All borrowings under the Revolving Credit Facility are subject to the satisfaction of certain customary conditions. Borrowings under the credit agreement bear interest at a floating rate, which at the option may be either (i) a base rate or Canadian Prime Rate plus an applicable margin of 0.75%, 1.00%, or 1.25% per annum or (ii) Term SOFR or Alternative Currency Spread plus an applicable margin of 1.75%, 2.00% or 2.25% per annum. The Company is required to pay a commitment fee ranging from 0.250% to 0.375% per annum in respect of the average daily unused commitments under the Revolving Credit Facility.

In April 2024, the Company's Term Loan Facility was further amended to (I) reduce the applicable interest rate margin on the term loan by 0.25% (a) from 4.50% to 4.25% for SOFR loans or (b) from 3.50% to 3.25% for base rate loans; and (II) reset the period for six months in which a 1.00% prepayment premium shall apply to any prepayment of the term loans in connection with certain events.

5. Fair Value of Financial Instruments

The Company measures fair value based on the prices 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. Fair value measurements are based on a three-tier hierarchy that prioritizes the inputs used to measure fair value. These tiers include: Level 1, defined as observable inputs, such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following table sets forth the Company's financial assets and liabilities measured on a recurring basis at fair value, categorized by input level within the fair value hierarchy.

	March 31, 2024			
(in thousands)	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Derivative financial instruments	$ 22,540	$ —	$ 22,540	$ —
Total assets measured at fair value	$ 22,540	$ —	$ 22,540	$ —
Liabilities measured at fair value				
Warrant liability	$ 953	$ —	$ 953	$ —
Contingent consideration liabilities	12,502	—	—	12,502
Total liabilities measured at fair value	$ 13,455	$ —	$ 953	$ 12,502

	December 31, 2023			
(in thousands)	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Derivative financial instruments	$ 26,344	$ —	$ 26,344	$ —
Total assets measured at fair value	$ 26,344	$ —	$ 26,344	$ —
Liabilities measured at fair value				
Warrant liability	$ 667	$ —	$ 667	$ —
Contingent consideration liabilities	18,472	—	—	18,472
Total liabilities measured at fair value	$ 19,139	$ —	$ 667	$ 18,472

Interest Rate Cap Agreements

The Company had interest rate cap and collar contracts with an aggregate notional value of principal of $950.0 million as of March 31, 2024 and December 31, 2023 from various financial institutions to manage the Company's exposure to interest rate movements on variable rate credit facilities. The interest rate cap and collar contracts will mature on December 16, 2024 and April 5, 2026, respectively.

The fair value of the Company's outstanding interest rate caps and collars of $22.5 million and $26.3 million, respectively, were included in "Prepaid expenses and other current assets" in the Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, respectively, with changes in fair value recognized as a component of "Interest expense, net" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

During the three months ended March 31, 2024 and 2023, the Company recorded a gain of $4.2 million and a gain of $1.9 million, respectively, within Interest expense, net, related to changes in the fair value of its derivative instruments.

Contingent Consideration Liabilities

During each reporting period, the Company measures the fair value of its contingent consideration liabilities by evaluating the significant unobservable inputs and probability weightings using Monte Carlo simulations. Any resulting decreases or increases in the fair value result in a corresponding gain or loss reported in "Selling, general, and administrative expenses" in the Condensed Consolidated Statements of Operations and Comprehensive Loss.

As of March 31, 2024, the maximum potential payment outcomes were $44.2 million. The following table summarizes the changes in the carrying value of estimated contingent consideration liabilities:

	March 31,	
(in thousands)	**2024**	**2023**
Beginning of the period	$ 18,472	$ 20,334
Changes in fair value	689	4,292
Payments	(6,659)	(1,572)
End of the period	$ 12,502	$ 23,054

Long-term Debt

The following tables set forth the carrying values and fair values of the Company's financial liabilities measured on a recurring basis, categorized by input level within the fair value hierarchy:

(in thousands)	**Carrying Value**	**Fair Value (Level 2)**
Balance at March 31, 2024		
Term Loan Facility	$ 1,145,744	$ 1,229,317
Senior Secured Notes	692,000	681,628
Other notes	119	119
Total long-term debt	$ 1,837,863	$ 1,911,064

(in thousands)	**Carrying Value**	**Fair Value (Level 2)**
Balance at December 31, 2023		
Term Loan Facility	$ 1,149,057	$ 1,221,012
Senior Secured Notes	743,000	745,223
Other notes	426	100
Total long-term debt	$ 1,892,483	$ 1,966,335

6. Related Party Transactions

Beginning February 2023, an officer of the Company has served as a member of the board of directors of a client of the Company. The Company recognized $1.3 million and $0.8 million of revenues from such client during the three months ended March 31, 2024 and 2023, respectively. Accounts receivable from this client were $0.6 million and $0.6 million as of March 31, 2024 and December 31, 2023, respectively.

Beginning July 2023, a member of the board of directors of the Company has served as an officer of a client of the Company. The Company recognized $1.6 million of revenues from such client during the three months ended March 31, 2024. Accounts receivable from this client were $0.3 million and $0.5 million as of March 31, 2024 and December 31, 2023, respectively.

Investments in Unconsolidated Affiliates

During the three months ended March 31, 2024 and 2023, the Company recognized revenues of $6.5 million and $3.7 million, respectively, from its investment in unconsolidated affiliates. Accounts receivable from investment in unconsolidated affiliates were $3.1 million and $3.7 million as of March 31, 2024 and December 31, 2023, respectively.

7. Income Taxes

The Company's effective tax rates were 21.8% and 15.0% for the three months ended March 31, 2024 and 2023, respectively. The effective tax rate is based upon the estimated income or loss before taxes for the year, by jurisdiction, and adjusted for estimated permanent tax adjustments. The fluctuation in the Company's effective tax rate was primarily due to a difference in projected book income/loss used in the annual effective tax rate, the application of the windfall of $0.7 million of stock based compensation for the three months ended March 31, 2024, as compared to a $2.3 million shortfall for the three months ended March 31, 2023, and the release of the valuation allowance of $1.1 million related to one of the Company's investments for the three months ended March 31, 2024.

The income tax expense from discontinued operations was $12.1 million for the three months ended March 31, 2024, while the income tax benefit from discontinued operations was $1.7 million for the three months ended March 31, 2023. The income tax expense for the three months ended March 31, 2024 was impacted primarily by the sale of the company's foodservice businesses. The income tax benefit for the three months ended March 31, 2023 was primarily the result of pre-tax loss.

8. Segments

Effective January 1, 2024, the Company revised its reportable segments to align with the Company's business strategy, and the manner in which the Chief Executive Officer, the Company's chief operating decision maker, assesses the performance and makes decisions regarding the allocation of resources for the Company. The Company's revised reportable segments consist of Branded Services, Experiential Services, and Retailer Services. The reportable segments reported below are the segments of the Company for which separate financial information is available and for which segment results are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Through the Company's Branded Services segment, the Company offers capabilities in brokerage, branded merchandising and omni-commerce marketing services to consumer goods manufacturers. Through the Company's Experiential Services segment, the Company expands the reach of consumer brands and retailer products to convert shoppers into buyers through sampling and product demonstration programs executed in-store and online. Through the Company's Retailer Services segment, the Company provides retailers with end-to-end advisory, retailer merchandising, and agency expertise to drive sales. The assets and liabilities of the Company are managed centrally and are reported internally in the same manner as the consolidated financial statements; therefore, no additional information is produced or included herein. The Company and its chief operating decision maker evaluate performance based on revenues and operating (loss) income.

Discontinued operations are not included in the applicable reportable segments. Refer to Note 2—*Held for Sale, Divestitures and Discontinued Operations.*

(in thousands)	Branded Services	Retailer Services	Experiential Services	Total
Three Months Ended March 31, 2024				
Revenues	$ 344,529	$ 227,123	$ 307,351	$ 879,003
Depreciation and amortization	$ 33,763	$ 7,858	$ 9,919	$ 51,540
Income from unconsolidated investments	$ 689	$ —	$ —	$ 689
Operating loss from continuing operations	$ (16,776)	$ (4,959)	$ (5,027)	$ (26,762)
Three Months Ended March 31, 2023				
Revenues	$ 444,862	$ 242,353	$ 257,167	$ 944,382
Depreciation and amortization	$ 37,492	$ 7,939	$ 9,063	$ 54,494
Operating income (loss) from continuing operations	$ 6,176	$ 5,246	$ (4,678)	$ 6,744

	Three Months Ended March 31,	
(amounts in thousands)	2024	2023
Branded Services	$ 19,171	$ 62,740
Experiential Services	5,984	3,007
Retailer Services	1,888	1,854
Total revenues from discontinued operations	$ 27,043	$ 67,601

9. Commitments and Contingencies

Litigation

The Company is involved in various legal matters that arise in the ordinary course of its business. Some of these legal matters purport or may be determined to be class and/or representative actions, or seek substantial damages, or penalties. The Company has accrued amounts in connection with certain legal matters, including with respect to certain of the matters described below. There can be no assurance, however, that these accruals will be sufficient to cover such matters or other legal matters or that such matters or other legal matters will not materially or adversely affect the Company's financial position, liquidity, or results of operations.

The Company is involved in various litigation and arbitration matters, including purported class or representative actions with respect to matters arising under the California Labor Code and Private Attorneys General Act, and commercial disputes with clients, vendors and third-party sellers of businesses.

In April 2018, the Company acquired the business of Take 5 Media Group ("Take 5"). As a result of an investigation into that business in 2019 that identified certain misconduct, the Company terminated all operations of Take 5 in July 2019 and offered refunds to clients of collected revenues attributable to the period after the Company's acquisition. The Company refers to the foregoing as the Take 5 Matter. The Company voluntarily disclosed to the United States Attorney's Office and the Federal Bureau of Investigation certain misconduct occurring at Take 5. The Company intends to cooperate in this and any other governmental investigations that may arise in connection with the Take 5 Matter. In October 2022, an arbitrator made a final award in favor of the Company. The Company is actively pursuing the collection of this award in state court in Florida. The Company is currently unable to estimate if or when it will be able to collect any amounts associated with this arbitration. The Take 5 Matter may result in additional litigation against the Company, including lawsuits from clients, or governmental investigations, which may expose the Company to potential liability in excess of the amounts being offered by the Company as refunds to Take 5 clients. The Company is currently unable to determine the amount of any potential liability, costs or expenses (above the amounts already being offered as refunds) that may result from any lawsuits or investigations associated with the Take 5 Matter or determine whether any such issues will have any future material adverse effect on the Company's financial position, liquidity, or results of operations. Although the Company has insurance covering certain liabilities, the Company cannot assure that the insurance will be sufficient to cover any potential liability or expenses associated with the Take 5 Matter.

10. Stock-Based Compensation

The Company has issued nonqualified stock options, restricted stock units ("RSUs"), and performance restricted stock units ("PSUs") under the Advantage Solutions Inc. 2020 Incentive Award Plan (the "Plan"). The Company's restricted stock units and performance restricted stock units, as described below, are expensed based on the fair value at the grant date. The Company recognized stock-based compensation expense and equity-based compensation expense associated with the Common Series C Units of Karman Topco L.P. as follows:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Restricted stock-based unit awards	$ 3,136	$ 6,938
Other share-based awards	4,084	2,154
Total stock-based compensation before tax	7,220	9,092
Tax benefit	(929)	(2,001)
Total stock-based compensation expense included in net income	$ 8,149	$ 11,093

Performance Restricted Stock Units

PSUs are subject to the achievement of certain performance conditions based on the Company's revenues ("PSU Revenues") and Adjusted EBITDA ("PSU EBITDA") targets in the respective measurement period and the recipient's continued service to the Company. The PSUs are scheduled to vest over a three-year period from the date of grant and may vest from 0% to 150% of the number of shares set forth in the table below. The number of PSUs earned shall be adjusted to be proportional to the partial performance between the Threshold Goals, Target Goals and Maximum Goals. Details for each aforementioned defined term for each grant have been provided in the table below.

During the three months ended March 31, 2024, the Compensation Committee determined that the achievement of the performance objectives applicable to the 2023 PSU EBITDA and 2023 PSU Revenues objectives were 150% of Target Goals. The value of these PSU awards above the Target Goals remain subject to additional performance requirements (i.e., the above target performance must be maintained in 2024 and 2025, respectively) and service-based vesting conditions. The performance period for those PSU awards up to the Target Goals ended on December 31, 2023, but remain subject to service-based vesting conditions.

The fair value of PSU grants was equal to the closing price of the Company's stock on the date of the applicable grant. The maximum potential expense if the Maximum Goals were met for these awards has been provided in the table below. Recognition of expense associated with performance-based stock is not permitted until achievement of the performance targets are probable of occurring. The measurement period is based on the twelve months of the respective fiscal year.

Measurement Period	Number of Shares Threshold	Number of Shares Target	Number of Shares Maximum	Weighted Average Fair Value per Share	Maximum Remaining Unrecognized Compensation Expense	Weighted-average remaining requisite service periods
(in thousands, except share and per share data)						
2023	2,326,288	4,652,576	6,978,888	$ 2.08	$ 9,846,207	2.1 years
2022	136,532	273,064	273,064	$ 4.94	$ 408,050	1.1 years
2021	9,851	19,702	26,738	$ 10.14	$ 14,723	0.5 years

The following table summarizes the PSU activity for the three months ended March 31, 2024:

	Performance Share Units	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2024	7,339,129	$ 2.60
Granted	—	$ —
Distributed	(1,710,061)	$ 3.66
Forfeited	(676,690)	$ 2.28
PSU performance adjustment	2,326,312	$ 2.08
Outstanding at March 31, 2024	7,278,690	$ 2.22

Restricted Stock Units

RSUs are subject to the recipient’s continued service to the Company. RSUs are generally scheduled to vest over three years and are subject to the provisions of the agreement under the Plan.

During the three months ended March 31, 2024, the following activities involving RSUs occurred under the Plan:

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2024	18,238,623	$ 2.92
Granted	32,358	$ 3.84
Distributed	(4,763,404)	$ 3.64
Forfeited	(1,500,143)	$ 2.77
Outstanding at March 31, 2024	12,007,434	$ 2.65

As of March 31, 2024, the total remaining unrecognized compensation cost related to RSUs amounted to $23.0 million, net of forfeitures, which is expected to be amortized over the weighted-average remaining requisite service periods of 1.9 years.

Stock Options

During the three months ended March 31, 2024, the following activities involving stock options occurred under the Plan:

	Stock Options	Weighted Average Exercise Price
Outstanding at January 1, 2024	17,375,000	$ 6.00
Granted	—	$ —
Forfeited	—	$ —
Cancelled/Expired	—	$ —
Outstanding at March 31, 2024	17,375,000	$ 6.00

As of March 31, 2024, the Company had approximately $5.1 million of total unrecognized compensation expense related to stock options, net of related forfeiture estimates, which the Company expects to recognize over a weighted-average period of approximately 2.7 years. The weighted average remaining contractual term of all options outstanding as of March 31, 2024 was 8.7 years. The intrinsic value of all outstanding options as of March 31, 2024 was $10.6 million based on the market price of the Company's common stock of $4.33 per share. There were no options exercised during the three months ended March 31, 2024 and 2023.

11. Earnings Per Share

The Company calculates earnings per share using a dual presentation of basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income attributable to stockholders of the Company by the weighted-average shares of common stock outstanding without the consideration for potential dilutive shares of common stock. Diluted earnings per share represents basic earnings per share adjusted to include the potentially dilutive effect of performance stock units, restricted stock units, public and private placement warrants, the employee stock purchase plan and stock options. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding and the potential dilutive shares of common stock for the period determined using the treasury stock method. During periods of net loss, diluted loss per share is equal to basic loss per share because the antidilutive effect of potential common shares is disregarded.

The following is a reconciliation of basic and diluted net earnings per common share:

	Three Months Ended March 31,	
(in thousands, except share and earnings per share data)	2024	2023
Basic earnings per share computation:		
Numerator:		
Net loss from continuing operations	$ (49,107)	$ (34,370)
Net income (loss) from discontinued operations, net of tax	$ 45,992	$ (13,308)
Less: net income (loss) from discontinued operations attributable to noncontrolling interest	2,192	(91)
Net income (loss) from discontinued operations attributable to stockholders of Advantage Solutions Inc.	$ 43,800	$ (13,217)
Denominator:		
Weighted average common shares - basic	321,458,155	321,135,117
Basic net loss per common share from continuing operations	$ (0.15)	$ (0.11)
Basic net income (loss) per common share from discontinued operations	$ 0.14	$ (0.04)
Basic net loss per common share attributable to stockholders of Advantage Solutions Inc.	$ (0.02)	$ (0.15)
Basic earnings (loss) per common share from discontinued operations attributable to stockholders of Advantage Solutions Inc.	$ 0.14	$ (0.04)
Diluted earnings per share computation:		
Numerator:		
Net loss from continuing operations	$ (49,107)	$ (34,370)
Net income (loss) from discontinued operations, net of tax	$ 45,992	$ (13,308)
Less: net income (loss) from discontinued operations attributable to noncontrolling interest	2,192	(91)
Net income (loss) from discontinued operations attributable to stockholders of Advantage Solutions Inc.	$ 43,800	$ (13,217)
Denominator:		
Weighted average common shares outstanding	321,458,155	321,135,117
Performance stock units	—	—
Restricted stock units	—	—
Employee stock purchase plan and stock options	—	—
Weighted average common shares - diluted	321,458,155	321,135,117
Diluted net loss per common share from continuing operations	$ (0.15)	$ (0.11)
Diluted net income (loss) per common share from discontinued operations	$ 0.14	$ (0.04)
Diluted net loss per common share attributable to stockholders of Advantage Solutions Inc.	$ (0.02)	$ (0.15)
Diluted earnings (loss) per common share from discontinued operations attributable to stockholders of Advantage Solutions Inc.	$ 0.14	$ (0.04)

The Company had 18,578,321 warrants to purchase Class A common stock at $11.50 per share outstanding at March 31, 2024 and 2023, which have been excluded in the calculation of diluted earnings per common share, as the weighted average market price of the common stock during the three months ended March 31, 2024 and 2023 did not exceed the exercise price of the warrants.

In accordance with the treasury method the weighted average shares outstanding assuming dilution include the incremental effect of stock-based awards, except when such effect would be antidilutive. Stock-based awards of 20.2 million weighted-average shares were outstanding for the three months ended March 31, 2024, but were not included in the computation of diluted (loss) earnings per common share because the net loss position of the Company made them antidilutive. Stock-based awards of 2.2 million weighted-average shares were outstanding for the three months ended March 31, 2023, but were not included in the computation of diluted loss per common share because the net loss position of the Company made them antidilutive. In addition, PSUs related to 4.8 million shares assuming achievement of the Target Goals were outstanding for the three months ended March 31, 2023, but were not included in the computation of diluted loss per common share attributable, as the performance targets were not yet met during the three months ended March 31, 2023.

12. Subsequent Events

In April 2024, the Company granted 5.3 million RSUs, 1.1 million PSUs and 3.0 million of stock options, with an estimated aggregate grant date fair value of $23.2 million, $4.6 million and $5.5 million, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Forward-Looking Statements

This Quarterly Report on Form 10-Q (this "Quarterly Report"), including the section titled "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," contains 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 that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business, our beliefs and our management's assumptions. Such words as "expect," "anticipate," "outlook," "could," "target," "project," "intend," "plan," "believe," "seek," "estimate," "should," "may," "assume" and "continue" as well as variations of such words and similar expressions are intended to identify such forward-looking statements, although not all forward-looking statements contain such terms. These statements are not guarantees of future performance and they involve certain risks, uncertainties and assumptions that are difficult to predict. We have based our forward-looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied or forecasted by our forward-looking statements. More information regarding these risks and uncertainties and other important factors that could cause actual results to differ materially from those in the forward-looking statements is set forth in "Risk Factors" of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2024. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. Except as required under the federal securities laws and the rules and regulations of the Securities and Exchange Commission, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions or otherwise.

Executive Overview

We are a leading business solutions provider to consumer goods manufacturers and retailers. We have a strong platform of essential, business critical services like headquarter sales, retail merchandising, in-store sampling, digital commerce, and shopper marketing. We generate demand for brands and retailers of all sizes, helping get the right products on the shelf — whether physical or digital — and into the hands of consumers in every way they shop. We use a scaled platform to innovate as a trusted partner with our clients, solving problems to increase their efficiency and effectiveness across a broad range of channels.

Effective January 1, 2024, we revised our reportable segments to align our business strategy, and the manner in which the Chief Executive Officer, our chief operating decision maker manages assesses the performance and makes decisions regarding the allocation of resources for the Company. Our revised reportable segments consist of Branded Services, Experiential Services, and Retailer Services.

We have reorganized our portfolio of businesses into a new, simplified structure that more closely aligns our business capabilities with economic buyers. As a result of this reorganization, we have formally disposed of certain business units. In addition to the business units already disposed of, there are certain other business units which are part of the overall reorganization plan that have not yet been disposed of or abandoned. We have determined that the other business units not yet disposed of met the held for sale and discontinued operations accounting criteria as of March 31, 2024 as their dispositions represent a strategic shift that has had a major effect on our operations and financial results. Refer to Note 2—*Acquisitions, Divestitures, and Discontinued Operations.* We continue to evaluate opportunities to further simplify our operations so we can focus more resources on our core businesses.

Through our Branded Services segment, which generated approximately 39.2% and 47.1% of our revenues in the three months ended March 31, 2024 and 2023, respectively, we provide services to branded consumer goods manufacturers through three main categories: brokerage, branded merchandising and omni-commerce marketing services. Brokerage services is primarily an outsourced sales and services agency for branded consumer goods manufacturers at retailer headquarters, in-store and online. Additionally, we lead with insights to execute branded merchandising strategies for branded consumer goods manufacturers related to merchandising in-store and online to drive product sales. Our omni-commerce marketing services primarily relate to digital and field marketing services, including shopper marketing, targeted advertising, interactive design and development, inventory management, application development and content management solutions.

Through our Experiential Services segment, which generated approximately 35.0.% and 27.2% of our revenues in the three months ended March 31, 2024 and 2023, respectively, we help brands and retailers reach consumers and convert shoppers into buyers through in-store and online sampling and demonstrations. We manage highly customized, large-scale sampling programs for leading brands and retailers. We also manage, organize and execute special events for brands and retailers, including large-scale meetings, mobile tours, summits and festivals.

Through our Retailer Services segment, which generated approximately 25.8% and 25.7% of our revenues in the three months ended March 31, 2024 and 2023, respectively, we provide end-to-end advisory, retailer merchandising and agency services to retailers. Advisory services primarily consist of consulting services related to private brand development, including coordination related to the sourcing, manufacturing, branding and distribution of private label products to the end retailer. Retailer merchandising services primarily relate to the execution of merchandising strategies, including traditional services such as interior store construction, store resets, category updates and new item implementation. Agency services primarily consist of providing marketing strategies within retail locations, including retail media networks, and analyzing shopper behavior to offer planning, execution and measurement of insight-based, retailer-specific promotions that target retailers' specific shopper base to drive product sales.

Summary

Our financial performance for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 includes:

- Revenues decreased by $65.4 million, or 6.9%, to $879.0 million;
- Operating loss from continuing operations decreased by $33.5 million, or 496.8%, to $26.8 million;
- Net loss from continuing operations increased by $14.7 million to $49.1 million;
- Adjusted Net Income increased by $1.1 million, or 8.3%, to $14.9 million; and
- Adjusted EBITDA from continuing and discontinued operations decreased by $13.3 million, or 14.5%, to $78.8 million.

Factors Affecting Our Business and Financial Reporting

There are a number of factors, in addition to the deconsolidation of ASL and inflation, that affect the performance of our business and the comparability of our results from period to period including:

- ***Organic Growth.*** Part of our strategy is to generate organic growth by expanding our existing client relationships, continuing to win new clients, pursuing channel expansion enhancing our service offerings, digital technology solutions, developing our international platform, delivering operational efficiencies and expanding into logical adjacencies. We believe that by pursuing these organic growth opportunities we will be able to continue to enhance our value proposition to our clients and thereby grow our business.
- ***Acquisitions and Divestitures.*** We have grown our business in part by acquiring businesses, both domestic and international. Many of our acquisition agreements include contingent consideration arrangements, which are described below. We have completed acquisitions at what we believe are attractive purchase prices and have regularly structured our agreements to result in the generation of long-lived tax assets, which have in turn reduced our effective purchase prices when incorporating the value of those tax assets. We continue to look for strategic acquisitions that can be completed at attractive purchase prices. We also continue to evaluate our service offerings to ensure more focus on our mission of converting shoppers into buyers for consumer goods companies and retailers. To that end, we have disposed of certain businesses and classified others as held for sale. As part of the sales agreements for certain divestitures, we have agreed to provide certain transitional services as defined within the respective Transition Services Agreement for a period of time after sale. We continue to evaluate opportunities to further simplify our operations so we can focus more resources on our core businesses.

- ***Contingent Consideration.*** Many of our acquisition agreements include contingent consideration arrangements, which are generally based on the achievement of financial performance thresholds by the operations attributable to the acquired businesses. The contingent consideration arrangements are based upon our valuations of the acquired businesses and are intended to share the investment risk with the sellers of such businesses if projected financial results are not achieved. The fair values of these contingent consideration arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, we estimate the fair value of contingent consideration payments as part of the initial purchase price. We review and assess the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could differ materially from our initial estimates. Adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in "Selling, general and administrative expenses" in our Condensed Consolidated Statements of Operations and Comprehensive Loss.
- ***Depreciation and Amortization.*** As a result of the acquisition of our business by Karman Topco L.P. ("Topco") on July 25, 2014 (the "2014 Topco Acquisition"), we acquired significant intangible assets, the value of which is amortized, on a straight-line basis, over 15 years from the date of the 2014 Topco Acquisition, unless determined to be indefinite-lived. The amortization of such intangible assets recorded in our consolidated financial statements has a significant impact on our operating income (loss) and net income (loss). Our historical acquisitions have increased, and future acquisitions likely will increase, our intangible assets. We do not believe the amortization expense associated with the intangible assets created from our purchase accounting adjustments reflect a material economic cost to our business. Unlike depreciation expense which has an economic cost reflected by the fact that we must re-invest in property and equipment to maintain the asset base delivering our results of operations, we do not have any capital re-investment requirements associated with the acquired intangible assets, such as client relationships and trade names, that comprise the majority of the finite-lived intangible assets that create our amortization expense.
- ***Foreign Exchange Fluctuations.*** Our financial results are affected by fluctuations in the exchange rate between the U.S. dollar and other currencies, primarily the Canadian dollars due to our operations in such foreign jurisdictions. See also " *—Quantitative and Qualitative Disclosure of Market Risk—Foreign Currency Risk.*"
- ***Seasonality.*** Our quarterly results are seasonal in nature, with the fourth fiscal quarter typically generating a higher proportion of our revenues than other fiscal quarters, as a result of higher consumer spending. We generally record slightly lower revenues in the first fiscal quarter of each year, as our clients begin to roll out new programs for the year, and consumer spending generally is less in the first fiscal quarter than other quarters. The timing of our clients' marketing expenses, associated with marketing campaigns and new product launches, can also result in fluctuations from one quarter to another.

How We Assess the Performance of Our Business

Revenues

Revenues related to the Branded Services segment are primarily recognized in the form of commissions, fee-for-service and cost-plus fees for providing headquarter relationship management, execution of merchandising strategies and omni-commerce marketing services.

Experiential Services segment revenues are primarily recognized in the form of fee-for-service and cost-plus fees for providing in-store, digital sampling and demonstrations, where the Company manages highly customized, large-scale sampling programs for leading brands and retailers.

Retailer Services segment revenues are primarily recognized in the form of commissions, fee-for-service and cost-plus fees for providing consulting services related to private brand development, the execution of merchandising strategies and marketing strategies within retailer locations, including retail media networks and analyzing shopper behavior.

We analyze our financial performance, in part, by measuring revenue growth in two ways—revenue growth attributable to organic activities and revenue growth and declines attributable to acquisitions and divestitures, which we refer to as organic revenues and acquired revenues, respectively.

We define organic revenues as any revenues that are not acquired revenues. Our organic revenues exclude the impacts of acquisitions and divestitures, when applicable, which improves comparability of our results from period to period.

In general, when we acquire a business, the acquisition includes a contingent consideration arrangement (e.g., an earn-out provision) and, accordingly, we separately track the financial performance of the acquired business. In such cases, we consider revenues generated by such a business during the 12 months following its acquisition to be acquired revenues. For example, if we completed an acquisition on July 1, 2023 for a business that included a contingent consideration arrangement, we would consider revenues from the acquired business from July 1, 2023 to June 30, 2024 to be acquired revenues. We generally consider growth attributable to the financial performance of an acquired business after the 12-month anniversary of the date of acquisition to be organic.

If an acquisition of an acquired business does not include a contingent consideration arrangement, or we otherwise do not separately track the financial performance of the acquired business due to operational integration, we consider the revenues that the business generated in the 12 months prior to its acquisition to be our acquired revenues for the 12 months following its acquisition, and any differences in revenues actually generated during the 12 months after its acquisition to be organic. For example, if we completed an acquisition on July 1, 2023 for a business that did not include a contingent consideration arrangement, we would consider the amount of revenues from the acquired business from July 1, 2022 to June 30, 2023 to be acquired revenues during the period from July 1, 2023 to June 30, 2024, with any differences from that amount actually generated during the latter period to be organic revenues.

All revenues generated by our acquired businesses are considered to be organic revenues after the 12-month anniversary of the date of acquisition.

When we divest a business, unless otherwise presented as discontinued operations, we consider the revenues that the divested business generated in the 12 months prior to its divestiture to be subtracted from acquired revenues for the 12 months following its divestiture. For example, if we completed a divestiture on July 1, 2023 for a business, we would consider the amount of revenues from the divested business from July 1, 2022 to June 30, 2023 to be subtracted from acquired revenues during the period from July 1, 2023 to June 30, 2024.

We measure organic revenue growth and acquired revenue growth by comparing the organic revenues or acquired revenues, respectively, period over period, net of any divestitures.

Cost of Revenues

Our cost of revenues consists of both fixed and variable expenses primarily attributable to the hiring, training, compensation and benefits provided to both full-time and part-time associates, as well as other project-related expenses. A number of costs associated with our associates are subject to external factors, including inflation, increases in market specific wages and minimum wage rates at federal, state and municipal levels and minimum pay levels for exempt roles. Additionally, when we enter into certain new client relationships, we may experience an initial increase in expenses associated with hiring, training and other items needed to launch the new relationship.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of salaries, payroll taxes and benefits for corporate personnel. Other overhead costs include information technology, professional services fees, including accounting and legal services, and other general corporate expenses. We also incur expenses operating as a public company, including expenses necessary to comply with the rules and regulations applicable to companies listed on a national securities exchange and related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, as well as higher expenses for general and director and officer insurance, investor relations, and related professional services. Additionally, included in selling, general and administrative expenses are costs associated with the changes in fair value of the contingent consideration of acquisitions and other costs related to our internal reorganization activities, acquisition and divestiture transactions. These transaction-related costs are comprised of fees related to change of equity ownership, professional fees, due diligence and integration or divestitures activities.

Impairment of Goodwill and Indefinite-lived Assets

Goodwill represents the excess of the purchase price over the fair value of the net identifiable tangible and intangible assets acquired in an acquisition. We test for impairment of goodwill at the reporting unit level. We generally combine components that have similar economic characteristics, nature of services, types of clients, distribution methods and regulatory environment. Changes to our operating segments effective January 1, 2024, as described in Note 8—*Segments*, resulted in a change to our reporting units (Branded Services, Branded Agencies, Experiential Services, Merchandising and Retailer Agencies). As a result, the Company performed the required impairment assessments directly before and immediately after the change in reporting units as of January 1, 2024. The assets and liabilities were reassigned to the applicable reporting units and allocated goodwill using the relative fair value approach. The estimated fair value of the underlying reporting units were determined based on a combination of the income and market approaches. The income approach utilizes estimates of discounted cash flows for the underlying business, which requires assumptions for growth rates, EBITDA margins, terminal growth rate, discount rate, and incremental net working capital, all of which require significant management judgment. The market approach applies market multiples derived from historical earnings data of selected guideline publicly traded companies that are first screened by industry group and then further narrowed on the reporting units' business descriptions, markets served, competitors, EBITDA margins and revenue size. The Company compared a weighted average of the output from the income and market approaches to compute the fair value of the reporting units. The assumptions in the income and market approach are based on significant inputs not observable in the market and thus represent Level 3 measurements within the fair value hierarchy. We based our fair value estimates on assumptions we believe to be reasonable but which are unpredictable and inherently uncertain. A change in these underlying assumptions would cause a change in the results of the tests and, as such, could cause fair value to be less than the carrying amounts and result in an impairment of goodwill in the future. Additionally, if actual results are not consistent with the estimates and assumptions or if there are significant changes to our planned strategy, it may cause fair value to be less than the carrying amounts and result in an impairment of goodwill in the future.

In conjunction with the tests performed as of January 1, 2024, each of the fair values for the reporting units tested was in excess of its carrying amount. The fair values of the Branded Agencies and Experiential Services reporting units exceeded their respective carrying values by less than 20%. As of March 31, 2024, there were no indicators of goodwill impairment.

Other (Income) Expenses

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability represents a non-cash (income) expense resulting from a fair value adjustment to warrant liability with respect to the private placement warrants. Based on the availability of sufficient observable information, we determine the fair value of the liability classified private placement warrants by approximating the value with the price of the public warrants at the respective period end, which is inherently less subjective and judgmental given it is based on observable inputs.

Interest Expense

Interest expense relates primarily to borrowings under our material debt agreements as described below. See “ —*Liquidity and Capital Resources*.”

Depreciation and Amortization

Amortization Expense

As a result of the 2014 Topco Acquisition, we acquired significant intangible assets, the value of which is amortized, on a straight-line basis, over 15 years from the date of the 2014 Topco Acquisition, unless determined to be indefinite-lived. Included in our depreciation and amortization expense is amortization of acquired intangible assets. We have ascribed value to identifiable intangible assets other than goodwill in our purchase price allocations for companies we have acquired. These assets include, but are not limited to, client relationships and trade names. To the extent we ascribe value to identifiable intangible assets that have finite lives, we amortize those values over the estimated useful lives of the assets. Such amortization expense, although non-cash in the period expensed, directly impacts our results of operations. It is difficult to predict with any precision the amount of expense we may record relating to future acquired intangible assets.

Depreciation Expense

Depreciation expense relates to the property and equipment that we own, which represented less than 1% of our total assets at March 31, 2024 and 2023, respectively.

Income Taxes

Income tax expense and our effective tax rates can be affected by many factors, including state apportionment factors, our acquisition and divestiture strategy, tax incentives and credits available to us, changes in judgment regarding our ability to realize our deferred tax assets, changes in our worldwide mix of pre-tax losses or earnings, changes in existing tax laws and our assessment of uncertain tax positions.

Cash Flows

We have positive cash flow characteristics, as described below, due to the limited required capital investment in the fixed assets and working capital needs to operate our business in the normal course. See " *—Liquidity and Capital Resources.*"

Our principal sources of liquidity are cash flows from operations, borrowings under the Revolving Credit Facility, divestitures and other debt. Our principal uses of cash are operating expenses, working capital requirements, investments in our technology platforms, acquisitions and repayment of debt.

During the three months ended March 31, 2024, we entered into a definitive agreement to sell a collection of our foodservice businesses. Additionally, we classified certain assets and liabilities which are expected to be recovered through a sale transaction rather than through continuing use. We expect to use the divestiture proceeds to invest in our business, reduce debt, creating financial flexibility for opportunistic share repurchases or potential future acquisitions.

Adjusted Net Income

Adjusted Net Income is a non-GAAP financial measure. Adjusted Net Income means net (loss) income before (i) impairment of goodwill and indefinite-lived assets, (ii) gain on deconsolidation of subsidiaries, (iii) (gain) loss on divestitures, (iv) amortization of intangible assets, (iv) equity-based compensation of Karman Topco L.P., (vi) changes in fair value of warrant liability, (vii) fair value adjustments of contingent consideration related to acquisitions, (viii) acquisition and divestitures related expenses, (ix) costs associated with COVID-19, net of benefits received, (x) net income attributable to noncontrolling interest, (xi) reorganization expenses, (xii) litigation expenses, (xiii) deferred financing fees, (xiv) gain on repurchases of Term Loan Facility and Senior Secured Notes debt, (xv) recovery from Take 5 and costs associated with the Take 5 Matter, (xvi) other adjustments that management believes are helpful in evaluating our operating performance, and (xvii) related tax adjustments.

We present Adjusted Net Income because we use it as a supplemental measure to evaluate the performance of our business in a way that also considers our ability to generate profit without the impact of items that we do not believe are indicative of our operating performance or are unusual or infrequent in nature and aid in the comparability of our performance from period to period. Adjusted Net Income should not be considered as an alternative for Net (loss) income, our most directly comparable measure presented on a GAAP basis.

Adjusted EBITDA and Adjusted EBITDA by Segment

Adjusted EBITDA and Adjusted EBITDA by Segment are supplemental non-GAAP financial measures of our operating performance. Adjusted EBITDA, inclusive of continuing and discontinuing operations, means net (loss) income before (i) interest expense, net, (ii) (benefit from) provision for income taxes, (iii) depreciation, (iv) impairment of goodwill and indefinite-lived assets, (v) amortization of intangible assets, (vi) gain on deconsolidation of subsidiaries, (vii) (gain) loss on divestitures, (viii) equity-based compensation of Karman Topco L.P., (ix) changes in fair value of warrant liability, (x) stock-based compensation expense, (xi) fair value adjustments of contingent consideration related to acquisitions, (xii) acquisition and divestitures related expenses, (xiii) costs associated with COVID-19, net of benefits received, (xiv) EBITDA for economic interests in investments, (xv) reorganization expenses, (xvi) litigation expenses, (xvii) costs associated with (recovery from) the Take 5 Matter and (xviii) other adjustments that management believes are helpful in evaluating our operating performance.

Adjusted EBITDA by Segment means, with respect to the applicable operating segment, operating income from continuing operations plus operating income from discontinued operations before (i) depreciation, (ii) impairment of goodwill and indefinite-lived assets, (iii) gain on deconsolidation of subsidiaries, (iv) (gain) loss on divestitures, (v) equity-based compensation of Karman Topco L.P., (vi) changes in fair value of warrant liability, (vii) stock-based compensation expense, (viii) fair value adjustments of contingent consideration related to acquisitions, (ix) acquisition and divestitures related expenses, (x) costs associated with COVID-19, net of benefits received, (xi) EBITDA for economic interests in investments, (xii) reorganization expenses, (xiii) litigation expenses, (xiv) costs associated with (recovery from) the Take 5 Matter and (xv) other adjustments that management believes are helpful in evaluating our operating performance, in each case attributable to such segment.

We present Adjusted EBITDA and Adjusted EBITDA by Segment because they are key operating measures used by us to assess our financial performance. These measures adjust for items that we believe do not reflect the ongoing operating performance of our business, such as certain non-cash items, unusual or infrequent items or items that change from period to period without any material relevance to our operating performance. We evaluate these measures in conjunction with our results according to GAAP because we believe they provide a more complete understanding of factors and trends affecting our business than GAAP measures alone. Furthermore, the agreements governing our indebtedness contain covenants and other tests based on measures substantially similar to Adjusted EBITDA. Neither Adjusted EBITDA nor Adjusted EBITDA by Segment should be considered as an alternative for Net (loss) income or operating income (loss), our most directly comparable measures presented on a GAAP basis. Non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. Additionally, other companies may calculate non-GAAP measures differently, or may use other measures to calculate their financial performance, and therefore our non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

Reorganization Charges

Reorganization charges include severance plans designed to integrate and reduce costs intended to further improve efficiencies in operational activities and align cost structures consistent with revenue levels associated with business changes. We recorded severance expenses of $9.6 million included in “Selling, general, and administrative expenses” in the Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2024 and 2023.

Results of Operations for the Three Months Ended March 31, 2024 and 2023

The following table sets forth items derived from the Company's consolidated statements of operations for the three months ended March 31, 2024 and 2023 in dollars and as a percentage of total revenues.

	Three Months Ended March 31,			
(amounts in thousands)	**2024**		**2023**	
Revenues	$ 879,003	100.0 %	$ 944,382	100.0 %
Cost of revenues	763,872	86.9 %	826,855	87.6 %
Selling, general, and administrative expenses	89,664	10.2 %	56,289	6.0 %
Depreciation and amortization	51,540	5.9 %	54,494	5.8 %
Income from unconsolidated investments	689	0.1 %	—	0.0 %
Total operating expenses	905,765	103.0 %	937,638	99.3 %
Operating (loss) income from continuing operations	(26,762)	(3.0)%	6,744	0.7 %
Other expenses (income):				
Change in fair value of warrant liability	287	0.0 %	(73)	0.0 %
Interest expense, net	35,761	4.1 %	47,165	5.0 %
Total other expenses	36,048	4.1 %	47,092	5.0 %
Loss from continuing operations before income taxes	(62,810)	(7.1)%	(40,348)	(4.3)%
Benefit from income taxes for continuing operations	(13,703)	(1.6)%	(5,978)	(0.6)%
Net loss from continuing operations	(49,107)	(5.6)%	(34,370)	(3.6)%
Less: net income (loss) from discontinued operations, net of tax	45,992	5.2 %	(13,308)	(1.4)%
Net loss	(3,115)	(0.4)%	(47,678)	(5.0)%
Less: net income (loss) attributable to noncontrolling interest - discontinued operations	2,192	0.2 %	(91)	0.0 %
Net loss attributable to stockholders of Advantage Solutions Inc.	$ (5,307)	(0.6)%	$ (47,587)	(5.0)%
Other Financial Data				
Adjusted Net Income(1)	$ 14,912	1.7 %	$ 13,773	1.5 %
Adjusted EBITDA(1)	$ 78,760	9.0 %	$ 92,070	9.7 %

(1) Adjusted Net Income and Adjusted EBITDA are financial measures that are not calculated in accordance with GAAP. For a discussion of our presentation of Adjusted Net Income and Adjusted EBITDA and reconciliations of Net income to Adjusted Net Income and Adjusted EBITDA, see "*—Non-GAAP Financial Measures*."

Comparison of the Three Months Ended March 31, 2024 and 2023

Revenues

	Three Months Ended March 31,		Change	
(amounts in thousands)	**2024**	**2023**	**$**	**%**
Branded Services	$ 344,529	$ 444,862	$ (100,333)	(22.6 %)
Experiential Services	307,351	257,167	50,184	19.5 %
Retailer Services	227,123	242,353	(15,230)	(6.3 %)
Total revenues from continuing operations	$ 879,003	$ 944,382	$ (65,379)	(6.9 %)

Total revenues decreased by $65.4 million, or 6.9%, during the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. Excluding revenues from the deconsolidation of our European joint venture, and unfavorable foreign exchange rates, revenues increased 3.0%.

The Branded Services segment revenues decreased $100.3 million during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. Excluding $93.4 million revenues from the deconsolidation of our European joint venture, the segment experienced a decrease of $6.9 million in organic revenues primarily due to an intentional client resignation and timing of shipments impacting client orders, partially offset by growth in our omni-commerce marketing services.

The Experiential Services segment revenues increased $50.2 million during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. Excluding unfavorable foreign exchange rates of $2.1 million, the segment experienced an increase of $52.3 million in organic revenues. The increase in revenues was primarily due to an increase in our events per day volume and price realization.

The Retailer Services segment revenues decreased $15.2 million during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The decrease in revenues was primarily due to a decrease in our retailer merchandising services as a result of the earlier timing for the Easter holiday and merchandising projects that were completed in prior year, partially offset by an increase in our agency services and price realization.

Cost of Revenues

Cost of revenues as a percentage of revenues for the three months ended March 31, 2024 was 86.9%, as compared to 87.6% for the three months ended March 31, 2023, which stayed relatively consistent.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of revenues for the three months ended March 31, 2024 was 10.2%, compared to 6.0% for the three months ended March 31, 2023. The increase as a percentage of revenues was primarily due to the continued investment in our support services including our technology solutions and $26.0 million increase in costs associated with our internal reorganization activities, largely related to professional fees and severance.

Depreciation and Amortization Expense

Depreciation and amortization expense was $51.4 million for the three months ended March 31, 2024 compared to $54.5 million for the three months ended March 31, 2023. The decrease is largely attributable to a decrease in the amortization expenses from our trade names and the divested businesses.

Operating Income (Loss) from Continuing Operations

	Three Months Ended March 31,		Change	
(amounts in thousands)	**2024**	**2023**	**$**	**%**
Branded Services	$ (16,776)	$ 6,176	$ (22,952)	(371.6%)
Experiential Services	(5,027)	(4,678)	(349)	7.5%
Retailer Services	(4,959)	5,246	(10,205)	(194.5%)
Total operating (loss) income from continuing operations	$ (26,762)	$ 6,744	$ (33,506)	(496.8%)

In the Branded Services segment, the decrease in operating income during the three months ended March 31, 2024 was primarily due to an increase in costs associated with our internal reorganization activities.

In the Experiential Services segment, the increase in operating income during the three months ended March 31, 2024 was due to increase in revenues as described above offset by continued investment in our support services including our technology solutions.

In the Retailer Services segment, the decrease in operating income during the three months ended March 31, 2024 was due to an increase in costs associated with our internal reorganization activities coupled with continued investment in our support services including our technology solutions.

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability was $0.3 million of non-cash expense for the three months ended March 31, 2024 compared to $0.1 million of non-cash gain resulting from a fair value adjustment to warrant liability with respect to the private placement warrants for the three months ended March 31, 2023.

Interest Expense, net

Interest expense, net decreased by $11.4 million, or 24.2%, to $35.8 million for the three months ended March 31, 2024, from $47.2 million for the three months ended March 31, 2023. The decrease in interest expense was primarily due to change in fair value in our derivative instruments, and lower debt balance, including as a result of repurchases of certain of our Senior Secured Notes as further described in "*Liquidity and Capital Resources—Description of Credit Facilities—Senior Secured Notes*", partially offset by higher interest rates for the three months ended March 30, 2024.

(Benefit from) Provision for Income Taxes

Benefit from income taxes was $13.7 million for the three months ended March 31, 2024 as compared to $6.0 million of benefit for income taxes for the three months ended March 31, 2023. The fluctuation was primarily attributable to a larger pre-tax loss during the three months ended March 31, 2024 compared to a smaller pre-tax loss during the three months ended March 31, 2023 and separately, the application of the windfall of $0.7 million of stock based compensation for the three months ended March 31, 2024, as compared to a $2.3 million shortfall for the three months ended March 31, 2023, and the release of the valuation allowance of $1.1 million related to one of the Company's investments for the three months ended March 31, 2024.

The income tax expense from discontinued operations was $12.1 million for the three months ended March 31, 2024, while the income tax benefit from discontinued operations was $1.7 million for the three months ended March 31, 2023. The income tax expense for the three months ended March 31, 2024 was impacted primarily by the sale of the Company's foodservice businesses. The income tax benefit for the three months ended March 31, 2023 was primarily the result of pre-tax loss.

Net Loss from Continuing Operations

Net loss from continuing operations was $49.1 million for the three months ended March 31, 2024, compared to net loss from continuing operations of $34.4 million for the three months ended March 31, 2023. The increase in net loss from continuing operations was primarily driven increase in costs associated with the continued investment in our support services including our technology solutions and $26.0 million increase in costs associated with our internal reorganization activities, largely related to professional fees and severance.

Net Income (Loss) from Discontinued Operations

Net income from discontinued operations was $46.0 million for the three months ended March 31, 2024, compared to net loss from discontinued operations of $13.3 million for the three months ended March 31, 2023. The increase in net income from discontinued operations was primarily driven by the $56.7 million gain on divestiture of the foodservice businesses for the three months ended March 31, 2024.

Adjusted Net Income

The increase in Adjusted Net Income for the three months ended March 31, 2024 was primarily attributable to the decrease in interest expense partially offset by the decrease in revenue as described above. For a reconciliation of Adjusted Net Income to Net income, see " *—Non-GAAP Financial Measures."*

Adjusted EBITDA and Adjusted EBITDA by Segment

	Three Months Ended March 31,		Change	
(amounts in thousands)	**2024**	**2023**	**$**	**%**
Branded Services	$ 41,400	$ 61,193	$ (19,793)	(32.3%)
Experiential Services	17,125	6,862	10,263	149.6%
Retailer Services	20,235	24,015	(3,780)	(15.7%)
Total Adjusted EBITDA	$ 78,760	$ 92,070	$ (13,310)	(14.5%)

Adjusted EBITDA, inclusive of continuing and discontinuing operations, decreased by $13.3 million, or 14.5%, to $78.8 million for the three months ended March 31, 2024, from $92.1 million for the three months ended March 31, 2023. In the Branded Services segment, the decrease was primarily attributable to the decline in revenues as described above and increase in cost of revenues, largely due to high wage inflation. In the Retailer Services segment, the decrease was primarily attributable to the decline in revenues as described above coupled with continued investment in our support services including our technology solutions. In the Experiential Services segment, the increase was driven largely by the growth in revenues from the in-store sampling and demonstration services as described above offset by continued investment in our support services including our technology solutions. For a reconciliation of Adjusted EBITDA to Net income, see "—*Non-GAAP Financial Measures*."

Non-GAAP Financial Measures

Adjusted Net Income is a non-GAAP financial measure. Adjusted Net Income means net (loss) income before (i) amortization of intangible assets, (ii) equity-based compensation of Karman Topco L.P., (iii) changes in fair value of warrant liability, (iv) fair value adjustments of contingent consideration related to acquisitions, (v) acquisition and divestiture related expenses, (vi) costs associated with COVID-19, net of benefits received, (vii) net income attributable to noncontrolling interest, (viii) reorganization expenses, (ix) litigation expenses, (x) (gain) loss on divestitures, (xi) gain on repurchases of Term Loan Facility debt, (xii) costs associated with (recovery from) the Take 5 Matter, (xiii) other adjustments that management believes are helpful in evaluating our operating performance, and (xiv) related tax adjustments.

We present Adjusted Net Income because we use it as a supplemental measure to evaluate the performance of our business in a way that also considers our ability to generate profit without the impact of items that we do not believe are indicative of our operating performance or are unusual or infrequent in nature and aid in the comparability of our performance from period to period. Adjusted Net Income should not be considered as an alternative for our Net income, our most directly comparable measure presented on a GAAP basis.

A reconciliation of Adjusted Net Income to Net income is provided in the following table:

	Three Months Ended	
	2024	2023
(in thousands)		
Net loss	$ (3,115)	$ (47,678)
Less: Net income (loss) attributable to noncontrolling interest	2,192	(91)
Add:		
Equity-based compensation of Karman Topco L.P.[a]	392	(2,269)
Change in fair value of warrant liability	287	(73)
Fair value adjustments related to contingent consideration related to acquisitions[b]	689	4,292
Acquisition and divestiture related expenses[c]	1,319	2,432
Reorganization expenses[d]	37,126	11,148
Litigation expenses (recovery)[e]	284	—
(Gain) loss on divestitures	(57,016)	16,497
Amortization of intangible assets[j]	45,791	49,729
Costs associated with COVID-19, net of benefits received[f]	—	1,017
Gain on repurchases of Term Loan Facility debt[k]	(2,669)	(275)
Costs associated with the Take 5 Matter[g]	240	80
Tax adjustments related to non-GAAP adjustments[l]	(6,224)	(21,218)
Adjusted Net Income	$ 14,912	$ 13,773

Adjusted EBITDA and Adjusted EBITDA by Segment are supplemental non-GAAP financial measures of our operating performance. Adjusted EBITDA, inclusive of continuing and discontinuing operations, means net (loss) income before (i) interest expense, net, (ii) (benefit from) provision for income taxes, (iii) depreciation, (iv) amortization of intangible assets, (v) equity-based compensation of Karman Topco L.P., (vi) changes in fair value of warrant liability, (vii) stock based compensation expense, (viii) fair value adjustments of contingent consideration related to acquisitions, (ix) acquisition and divestiture related expenses, (x) (gain) loss on divestiture, (xi) costs associated with COVID-19, net of benefits received, (xii) EBITDA for economic interests in investments, (xiii) reorganization expenses, (xiv) litigation expenses, (xv) costs associated with (recovery from) the Take 5 Matter and (xvi) other adjustments that management believes are helpful in evaluating our operating performance.

Adjusted EBITDA by Segment means, with respect to the applicable operating segment, operating income from continuing operations plus operating income from discontinued operations before (i) depreciation, (ii) impairment of goodwill and indefinite-lived assets, (iii) gain on deconsolidation of subsidiaries, (iv) (gain) loss on divestitures, (v) equity-based compensation of Karman Topco L.P., (vi) changes in fair value of warrant liability, (vii) stock-based compensation expense, (viii) fair value adjustments of contingent consideration related to acquisitions, (ix) acquisition and divestitures related expenses, (x) costs associated with COVID-19, net of benefits received, (xi) EBITDA for economic interests in investments, (xii) reorganization expenses, (xiii) litigation expenses, (xiv) costs associated with (recovery from) the Take 5 Matter and (xv) other adjustments that management believes are helpful in evaluating our operating performance, in each case, attributable to such segment.

Unallocated shared costs associated with discontinued operations from certain shared administrative functions, through the close of the discontinued operations; excluded from income from discontinued operations as they are not a direct cost of the discontinued business but a result of indirect allocations, including but not limited to, information technology, human resources, finance and accounting, supply chain, and commercial operations. Subsequent to the close of the divestitures, amounts attributable to unallocated shared costs would be mitigated through income from TSAs, subsequent strategic or restructuring initiatives, elimination of extraneous costs, or re-allocations or absorption of existing continuing operations. See Note 2 – *Held for Sale, Divestitures and Discontinued Operations* in Notes to the Condensed Consolidated Financial Statements, included elsewhere in this Quarterly Report for further details.

We present Adjusted EBITDA and Adjusted EBITDA by Segment because they are key operating measures used by us to assess our financial performance. These measures adjust for items that we believe do not reflect the ongoing operating performance of our business, such as certain noncash items, unusual or infrequent items or items that change from period to period without any material relevance to our operating performance. We evaluate these measures in conjunction with our results according to GAAP because we believe they provide a more complete understanding of factors and trends affecting our business than GAAP measures alone. Furthermore, the agreements governing our indebtedness contain covenants and other tests based on measures substantially similar to Adjusted EBITDA. Neither Adjusted EBITDA nor Adjusted EBITDA by Segment should be considered as an alternative for our Net income, our most directly comparable measure presented on a GAAP basis. Non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. Additionally, other companies may calculate non-GAAP measures differently, or may use other measures to calculate their financial performance, and therefore our non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

A reconciliation of Adjusted EBITDA to Net loss is provided in the following table:

Consolidated	**Three Months Ended**	
	2024	**2023**
(in thousands)		
Net loss	$ (3,115)	$ (47,678)
Add:		
Interest expense, net	35,793	47,191
Benefit from income taxes	(1,628)	(7,696)
Depreciation and amortization	52,356	57,104
Equity-based compensation of Karman Topco L.P.[a]	392	(2,269)
Change in fair value of warrant liability	287	(73)
Fair value adjustments related to contingent consideration related to acquisitions[b]	689	4,292
Acquisition and divestiture related expenses[c]	1,319	2,432
(Gain) loss on divestitures	(57,016)	16,497
Reorganization expenses[d]	37,126	11,148
Litigation expenses[e]	284	—
Costs associated with COVID-19, net of benefits received[f]	—	1,017
Costs associated with the Take 5 Matter[g]	240	80
Stock-based compensation expense[h]	7,220	11,210
EBITDA for economic interests in investments[i]	4,813	(1,185)
Adjusted EBITDA	$ 78,760	$ 92,070

Financial information by segment, including a reconciliation of Adjusted EBITDA by Segment to operating income, the closest GAAP financial measure, is provided in the following table:

Branded Services Segment	**Three Months Ended**	
(in thousands)	**2024**	**2023**
Operating (loss) income from continuing operations	$ (16,776)	$ 6,176
Operating income (loss) from discontinued operations	52,681	(14,470)
Add:		
Depreciation and amortization	34,254	39,530
Equity-based compensation of Karman Topco L.P.[a]	498	(1,021)
Fair value adjustments related to contingent consideration related to acquisitions[b]	689	4,292
Acquisition and divestiture related expenses[c]	476	1,125
(Gain) loss on divestitures	(57,016)	16,497
Reorganization expenses[d]	18,777	6,545
Litigation expenses[e]	191	—
Costs associated with COVID-19, net of benefits received[f]	—	29
Costs associated with the Take 5 Matter[g]	240	80
Stock-based compensation expense[h]	2,283	3,685
EBITDA for economic interests in investments[i]	5,103	(1,275)
Branded Services Segment Adjusted EBITDA	$ 41,400	$ 61,193

Experiential Services Segment	**Three Months Ended**	
(in thousands)	**2024**	**2023**
Operating loss from continuing operations	$ (5,027)	$ (4,678)
Operating income (loss) from discontinued operations	5,504	(211)
Add:		
Depreciation and amortization	9,921	9,065
Equity-based compensation of Karman Topco L.P.[a]	(44)	(547)
Acquisition and divestiture expenses[c]	315	392
Reorganization expenses[d]	4,350	1,966
Litigation expenses [e]	173	—
Costs associated with COVID-19, net of benefits received[f]	—	912
Stock-based compensation expense[h]	2,223	(101)
EBITDA for economic interests in investments[i]	(290)	64
Experiential Services Segment Adjusted EBITDA	$ 17,125	$ 6,862

Retailer Services Segment	**Three Months Ended**	
(in thousands)	**2024**	**2023**
Operating (loss) income from continuing operations	$ (4,959)	$ 5,246
Operating loss from discontinued operations	(86)	(319)
Add:		
Depreciation and amortization	8,181	8,509
Equity-based compensation of Karman Topco L.P.[a]	(62)	(701)
Acquisition and divestiture related expenses[c]	528	915
Reorganization expenses[d]	13,999	2,637
Litigation recovery[e]	(80)	—
Costs associated with COVID-19, net of benefits received[f]	—	76
Stock-based compensation expense[h]	2,714	7,626
EBITDA for economic interests in investments[i]	—	26
Retailer Services Segment Adjusted EBITDA	$ 20,235	$ 24,015

(a) Represents expenses related to (i) equity-based compensation expense associated with grants of Common Series D Units of Topco made to one of the equity holders of Topco and (ii) equity-based compensation expense associated with the Common Series C Units of Topco.

(b) Represents adjustments to the estimated fair value of our contingent consideration liabilities related to our acquisitions.

(c) Represents fees and costs associated with activities related to our acquisitions, divestitures, and related reorganization activities, including professional fees, due diligence, and integration activities.

(d) Represents fees and costs associated with various internal reorganization activities, including professional fees, lease exit costs, severance, and nonrecurring compensation costs.

(e) Represents legal settlements, reserves, and expenses that are unusual or infrequent costs associated with our operating activities.

(f) Represents (i) costs related to implementation of strategies for workplace safety in response to COVID-19, including additional sick pay for front-line associates and personal protective equipment; and (ii) benefits received from government grants for COVID-19 relief.

(g) Represents costs associated with the Take 5 Matter, primarily, professional fees and other related costs and cash receipts from an insurance policy for claims related to the Take 5 Matter

(h) Represents non-cash compensation expense related to the 2020 Incentive Award Plan and the 2020 Employee Stock Purchase Plan.

(i) Represents additions to reflect our proportional share of Adjusted EBITDA related to our equity method investments and reductions to remove the Adjusted EBITDA related to the minority ownership percentage of the entities that we fully consolidate in our financial statements.

(j) Represents the amortization of intangible assets recorded in connection with the 2014 Topco Acquisition and our other acquisitions.

(k) Represents a gain associated with the repurchases of Term Loan Facility and Senior Secured Notes. For additional information, refer to Note 4—*Debt* to our unaudited condensed financial statements for the three months ended March 31, 2024 and 2023.

(l) Represents the tax provision or benefit associated with the adjustments above, taking into account the Company's applicable tax rates, after excluding adjustments related to items that do not have a related tax impact.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows from operations, borrowings under the Revolving Credit Facility, and other debt. Our principal uses of cash are operating expenses, working capital requirements, acquisitions, interest on debt and repayment of debt.

Cash Flows

A summary of our cash operating, investing and financing activities from continuing operations are shown in the following table:

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Net cash (used in) provided by operating activities from continuing operations	$ (8,894)	$ 41,396
Net cash provided by (used in) investing activities from continuing operations	68,715	(5,988)
Net cash used in financing activities from continuing operations	(66,882)	(6,797)
Net effect of foreign currency changes on cash from continuing operations	(2,136)	1,311
Net change in cash, cash equivalents and restricted cash	$ (9,197)	$ 29,922

Net Cash (Used in) Provided by Operating Activities

Net cash provided by operating activities from continuing operations during the three months ended March 31, 2024 consisted of net loss of $49.1 million adjusted for certain non-cash items, gain on repurchases of Senior Secured Notes of $2.7 million, depreciation and amortization of $51.5 million and effects of changes in working capital. Net cash provided by operating activities during the three months ended March 31, 2023 consisted of net loss of $34.4 million adjusted for certain non-cash items, including depreciation and amortization of $54.5 million and effects of changes in working capital. The decrease in cash provided by operating activities during the three months ended March 31, 2024 relative to the same period in 2023 was primarily due to increased reorganization costs during the three months ended March 31, 2024.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities from continuing operations during the three months ended March 31, 2024 primarily consisted of the proceeds from the divestiture of our foodservice businesses, partially offset by the purchase of property and equipment of $16.2 million. Net cash used in investing activities during the three months ended March 31, 2023 primarily consisted of the purchase of property and equipment of $5.9 million.

Net Cash Used in Financing Activities

Cash flows used in financing activities from continuing operations during the three months ended March 31, 2024 were primarily related to repurchases of Senior Secured Notes of $47.9 million, repayment of principal on our Term Loan Facility of $3.3 million, payments of contingent consideration and holdback payments of $1.9 million, payments for taxes related to net share settlement of $3.3 million and payments related to the share repurchase program of $11.7 million. Cash flows used in financing activities during the three months ended March 31, 2023 were primarily related to payments of contingent consideration and holdback payments of $2.5 million, repayment of principal on our Term Loan Facility of $3.4 million, repurchases of the Term Loan Facility of $1.7 million, payments for taxes related to net share settlement of $1.3 million, partially offset by $1.2 million related to proceeds from the issuance of Class A common stock.

Description of Credit Facilities

Senior Secured Credit Facilities

Advantage Sales & Marketing Inc. (the “Borrower”), an indirect wholly-owned subsidiary of the Company, has (i) a senior secured asset-based revolving credit facility in an aggregate principal amount of up to $500.0 million, subject to borrowing base capacity (as may be amended from time to time, the “Revolving Credit Facility”) and (ii) a secured first lien term loan credit facility in an aggregate principal amount of $1.1 billion (as may be amended from time to time, the "Term Loan Facility" and together with the Revolving Credit Facility, the "Senior Secured Credit Facilities").

Revolving Credit Facility

Our Revolving Credit Facility provides for revolving loans and letters of credit in an aggregate amount of up to $500.0 million, subject to borrowing base capacity. Letters of credit are limited to the lesser of (a) $150.0 million and (b) the aggregate unused amount of commitments under our Revolving Credit Facility then in effect. Loans under the Revolving Credit Facility may be denominated in either U.S. dollars or Canadian dollars. Bank of America, N.A., is administrative agent and ABL Collateral Agent. The Revolving Credit Facility is scheduled to mature in December 2027. We may use borrowings under the Revolving Credit Facility to fund working capital and for other general corporate purposes, including permitted acquisitions and other investments. As of March 31, 2024, we had unused capacity under our Revolving Credit Facility available to us of $500.0 million, subject to borrowing base limitations (without giving effect to approximately $44.1 million of outstanding letters of credit and the borrowing base limitations for additional borrowings).

Borrowings under the Revolving Credit Facility are limited by borrowing base calculations based on the sum of specified percentages of eligible accounts receivable plus specified percentages of qualified cash, minus the amount of any applicable reserves. Borrowings will bear interest at a floating rate, which can be either an adjusted Term SOFR or Alternative Currency Spread rate plus an applicable margin or, at the Borrower's option, a base rate or Canadian Prime Rate plus an applicable margin. The applicable margins for the Revolving Credit Facility are 1.75%, 2.00% or 2.25%, with respect to Term SOFR or Alternative Currency Spread rate borrowings and 0.75%, 1.00%, or 1.25%, with respect to base rate or Canadian Prime Rate borrowings, in each case depending on average excess availability under the Revolving Credit Facility. The Borrower's ability to draw under the Revolving Credit Facility or issue letters of credit thereunder will be conditioned upon, among other things, the Borrower's delivery of prior written notice of a borrowing or issuance, as applicable, the Borrower's ability to reaffirm the representations and warranties contained in the credit agreement governing the Revolving Credit Facility and the absence of any default or event of default thereunder.

The Borrower's obligations under the Revolving Credit Facility are guaranteed by Karman Intermediate Corp. ("Holdings") and all of the Borrower's direct and indirect wholly owned material U.S. subsidiaries (subject to certain permitted exceptions) and Canadian subsidiaries (subject to certain permitted exceptions, including exceptions based on immateriality thresholds of aggregate assets and revenues of Canadian subsidiaries) (the "Guarantors"). The Revolving Credit Facility is secured by a lien on substantially all of Holdings', the Borrower's and the Guarantors' assets (subject to certain permitted exceptions). The Borrower's Revolving Credit Facility has a first-priority lien on the current asset collateral and a second-priority lien on security interests in the fixed asset collateral (second in priority to the liens securing the Notes and the Term Loan Facility discussed below), in each case, subject to other permitted liens.

The Revolving Credit Facility has the following fees: (i) an unused line fee of 0.375% or 0.250% per annum of the unused portion of the Revolving Credit Facility, depending on average excess availability under the Revolving Credit Facility; (ii) a letter of credit participation fee on the aggregate stated amount of each letter of credit equal to the applicable margin for adjusted Eurodollar rate loans, as applicable; and (iii) certain other customary fees and expenses of the lenders and agents thereunder.

The Revolving Credit Facility contains customary covenants, including, but not limited to, restrictions on the Borrower's ability and that of our subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, make acquisitions, loans, advances or investments, pay dividends, sell or otherwise transfer assets, optionally prepay or modify terms of any junior indebtedness, enter into transactions with affiliates or change our line of business. The Revolving Credit Facility will require the maintenance of a fixed charge coverage ratio (as set forth in the credit agreement governing the Revolving Credit Facility) of 1.00 to 1.00 at the end of each fiscal quarter when excess availability is less than the greater of $25 million and 10% of the lesser of the borrowing base and maximum borrowing capacity. Such fixed charge coverage ratio will be tested at the end of each quarter until such time as excess availability exceeds the level set forth above.

The Revolving Credit Facility provides that, upon the occurrence of certain events of default, the Borrower's obligations thereunder may be accelerated and the lending commitments terminated. Such events of default include payment defaults to the lenders thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy, insolvency, corporate arrangement, winding-up, liquidation or similar proceedings, material money judgments, material pension-plan events, certain change of control events and other customary events of default.

Term Loan Facility

The Term Loan Facility is a term loan facility denominated in U.S. dollars in an aggregate principal amount of $1.1 billion as of March 31, 2024. Borrowings under the Term Loan Facility amortize in equal quarterly installments in an amount equal to 1.00% per annum of $1.1 billion principal amount. Borrowings will bear interest at a floating rate of Term SOFR plus an applicable margin of 4.50% per annum, subject to additional spread adjustment on SOFR ranging from 0.11% to 0.26%.

The Borrower may voluntarily prepay loans or reduce commitments under the Term Loan Facility, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty.

The Borrower will be required to prepay the Term Loan Facility with 100% of the net cash proceeds of certain asset sales (such percentage subject to reduction based on the achievement of specific first lien net leverage ratios) and subject to certain reinvestment rights, 100% of the net cash proceeds of certain debt issuances and 50% of excess cash flow (such percentage subject to reduction based on the achievement of specific first lien net leverage ratios).

The Borrower's obligations under the Term Loan Facility are guaranteed by Holdings and the Guarantors. Our Term Loan Facility is secured by a lien on substantially all of Holdings', the Borrower's and the Guarantors' assets (subject to certain permitted exceptions). The Term Loan Facility has a first-priority lien on the fixed asset collateral (equal in priority with the liens securing the Notes) and a second-priority lien on security interests in the current asset collateral (second in priority to the liens securing the Revolving Credit Facility), in each case, subject to other permitted liens.

The Term Loan Facility contains certain customary negative covenants, including, but not limited to, restrictions on the Borrower's ability and that of our restricted subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets or enter into transactions with affiliates.

The Term Loan Facility provides that, upon the occurrence of certain events of default, the Borrower's obligations thereunder may be accelerated. Such events of default will include payment defaults to the lenders thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy, insolvency, corporate arrangement, winding-up, liquidation or similar proceedings, material money judgments, change of control and other customary events of default.

Senior Secured Notes

On October 28, 2020, Advantage Solutions FinCo LLC ("Finco") issued $775.0 million aggregate principal amount of 6.50% Senior Secured Notes due 2028 (the "Notes"). Immediately following such issuance, Finco merged with and into Advantage Sales & Marketing Inc. (in its capacity as the issuer of the Notes, the "Issuer"), with the Issuer continuing as the surviving entity and assuming the obligations of Finco. The Notes were sold to BofA Securities, Inc., Deutsche Bank Securities Inc., Morgan Stanley & Co. LLC and Apollo Global Securities, LLC. The Notes were resold to certain non-U.S. persons pursuant to Regulation S under the Securities Act of 1933, as amended (the "Securities Act"), and to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act at a purchase price equal to 100% of their principal amount. The terms of the Notes are governed by an Indenture, dated as of October 28, 2020 (the "Indenture"), among Finco, the Issuer, the guarantors named therein (the "Notes Guarantors") and Wilmington Trust, National Association, as trustee and collateral agent.

The Borrower may voluntarily prepay loans or reduce commitments under the Senior Secured Notes, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty. The Company voluntarily repurchased an aggregate of $51.0 million principal amount of its Senior Secured Notes during the three months ended March 31, 2024. The Company recognized a gain on the repurchase of $2.7 million for the three months ended March 31, 2024, as a component of "Interest expense, net" in the Condensed Consolidated Statements of Operations and

Comprehensive Loss. There were no repurchases of Senior Secured Notes during the three months ended March 31, 2023.

Interest and maturity

Interest on the Notes is payable semi-annually in arrears on May 15 and November 15 at a rate of 6.50% per annum. The Notes will mature on November 15, 2028.

Guarantees

The Notes are guaranteed by Holdings and each of the Issuer's direct and indirect wholly owned material U.S. subsidiaries (subject to certain permitted exceptions) and Canadian subsidiaries (subject to certain permitted exceptions, including exceptions based on immateriality thresholds of aggregate assets and revenues of Canadian subsidiaries) that is a borrower or guarantor under the Term Loan Facility.

Security and Ranking

The Notes and the related guarantees are the general, senior secured obligations of the Issuer and the Notes Guarantors, are secured on a first-priority pari passu basis by security interests on the fixed asset collateral (equal in priority with liens securing the Term Loan Facility), and are secured on a second-priority basis by security interests on the current asset collateral (second in priority to the liens securing the Revolving Credit Facility and equal in priority with liens securing the Term Loan Facility), in each case, subject to certain limitations and exceptions and permitted liens.

The Notes and related guarantees rank (i) equally in right of payment with all of the Issuer's and the Guarantors' senior indebtedness, without giving effect to collateral arrangements (including the Senior Secured Credit Facilities) and effectively equal to all of the Issuer's and the Guarantors' senior indebtedness secured on the same priority basis as the Notes, including the Term Loan Facility, (ii) effectively subordinated to any of the Issuer's and the Guarantors' indebtedness that is secured by assets that do not constitute collateral for the Notes to the extent of the value of the assets securing such indebtedness and to indebtedness that is secured by a senior-priority lien, including the Revolving Credit Facility to the extent of the value of the current asset collateral and (iii) structurally subordinated to the liabilities of the Issuer's non-Guarantor subsidiaries.

Optional redemption for the Notes

The Notes are redeemable at the applicable redemption prices specified in the Indenture plus accrued and unpaid interest. If the Issuer or its restricted subsidiaries sell certain of their respective assets or experience specific kinds of changes of control, subject to certain exceptions, the Issuer must offer to purchase the Notes at par. In connection with any offer to purchase all Notes, if holders of no less than 90% of the aggregate principal amount of Notes validly tender their Notes, the Issuer is entitled to redeem any remaining Notes at the price offered to each holder. The Issuer may voluntarily prepay loans or reduce commitments under the Notes, in whole or in part without premium or penalty.

Restrictive covenants

The Notes are subject to covenants that, among other things limit the Issuer's ability and its restricted subsidiaries' ability to: incur additional indebtedness or guarantee indebtedness; pay dividends or make other distributions in respect of, or repurchase or redeem, the Issuer's or a parent entity's capital stock; prepay, redeem or repurchase certain indebtedness; issue certain preferred stock or similar equity securities; make loans and investments; sell or otherwise dispose of assets; incur liens; enter into transactions with affiliates; enter into agreements restricting the Issuer's subsidiaries' ability to pay dividends; and consolidate, merge or sell all or substantially all of the Issuer's assets. Most of these covenants will be suspended on the Notes so long as they have investment grade ratings from both Moody's Investors Service, Inc. and S&P Global Ratings and so long as no default or event of default under the Indenture has occurred and is continuing.

Events of default

The following constitute events of default under the Notes, among others: default in the payment of interest; default in the payment of principal; failure to comply with covenants; failure to pay other indebtedness after final maturity or acceleration of other indebtedness exceeding a specified amount; certain events of bankruptcy; failure to pay a judgment for payment of money exceeding a specified aggregate amount; voidance of subsidiary guarantees; failure of any material provision of any security document or intercreditor agreement to be in full force and effect; and lack of perfection of liens on a material portion of the collateral, in each case subject to applicable grace periods.

Future Cash Requirement

There were no material changes to our contractual future cash requirements from those disclosed in our 2023 Annual Report.

Cash and Cash Equivalents Held Outside the United States

As of March 31, 2024, and December 31, 2023, $47.7 million and $43.8 million, respectively, of our cash and cash equivalents were held by foreign subsidiaries. As of March 31, 2024, and December 31, 2023, $24.8 million and $30.4 million, respectively, of our cash and cash equivalents were held by foreign branches.

We assessed our determination as to our indefinite reinvestment intent for certain of our foreign subsidiaries and recorded a deferred tax liability of approximately $0.5 million of withholding tax as of March 31, 2024 for unremitted earnings in Canada with respect to which we do not have an indefinite reinvestment assertion. We will continue to evaluate our cash needs, however we currently do not intend, nor do we foresee a need, to repatriate funds from the foreign subsidiaries except for Canada. We have continued to assert indefinite reinvestment on all other earnings as it is necessary for continuing operations and to grow the business. If at a point in the future our assertion changes, we will evaluate tax-efficient means to repatriate the income. In addition, we expect existing domestic cash and cash flows from operations to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as debt repayment and capital expenditures, for at least the next 12 months and thereafter for the foreseeable future. If we should require more capital in the United States than is generated by our domestic operations, for example, to fund significant discretionary activities such as business acquisitions or to settle debt, we could elect to repatriate future earnings from foreign jurisdictions. These alternatives could result in higher income tax expense or increased interest expense. We consider the majority of the undistributed earnings of our foreign subsidiaries, as of March 31, 2024, to be indefinitely reinvested and, accordingly, no provision has been made for taxes in excess of the $0.5 million noted above.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets or any obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in our consolidated financial statements. Additionally, we do not have an interest in, or relationships with, any special-purpose entities.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are included in our 2023 Annual Report and did not materially change during the three months ended March 31, 2024.

Recently Issued Accounting Pronouncements

Accounting Standards Recently Issued but Not Yet Adopted by the Company

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires entities to expand their existing income tax disclosures, specifically related to the rate reconciliation and income taxes paid. The standard is effective for us beginning in fiscal year 2025, with early adoption permitted. The new standard is expected to be applied prospectively, but retrospective application is permitted. We are currently evaluating the impact of ASU 2023-09 on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires entities to disclose incremental segment information on an annual and interim basis, including significant segment expenses and measures of profit or loss that are regularly provided to the chief operating decision maker (“CODM”). The standard is effective for us beginning in fiscal year 2024 and interim periods within fiscal year 2025, with early adoption permitted. We are currently evaluating the impact of ASU 2023-07 on the consolidated financial statements and related disclosures and we expect to adopt the new standard using a retrospective approach.

In March 2024, the Securities Exchange Commission (“SEC”) adopted final climate-related disclosure rules under SEC Release Nos. 33-11275 and 34-99678, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. The rules require disclosure of governance, risk management and strategy related to material climate-related risks as well as disclosure of material greenhouse gas emissions in registration statements and annual reports. In addition, the rules require presentation of certain material climate-related disclosures in the annual consolidated financial statements. On April 4, 2024, the SEC voluntarily stayed the effective date of the final rules pending completion of judicial review following legal challenges. The disclosure requirements will apply to our fiscal year reporting beginning October 4, 2025, pending resolution of the stay. We are currently evaluating the impact of the rules on the consolidated financial statements and related disclosures.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

Our exposure to foreign currency exchange rate fluctuations is primarily the result of foreign subsidiaries and foreign branches primarily domiciled in Canada. We use financial derivative instruments to hedge foreign currency exchange rate risks associated with our Canadian operations.

The assets and liabilities of our foreign subsidiaries and foreign branches, whose functional currencies are primarily Canadian dollars, are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effects for subsidiaries using a functional currency other than the U.S. dollar are included in accumulated other comprehensive loss as a separate component of stockholders' equity. We estimate that had the exchange rate in each country unfavorably changed by ten percent relative to the U.S. dollar, our consolidated loss before taxes would have decreased by approximately $0.5 million for the three months ended March 31, 2024.

Interest Rate Risk

Interest rate exposure relates primarily to the effect of interest rate changes on borrowings outstanding under the Term Loan Facility, Revolving Credit Facility and Notes.

We manage our interest rate risk through the use of derivative financial instruments. Specifically, we have entered into interest rate cap and collar agreements to manage our exposure to potential interest rate increases that may result from fluctuations in SOFR. We do not designate these derivatives as hedges for accounting purposes, and as a result, all changes in the fair value of derivatives, used to hedge interest rates, are recorded in "Interest expense, net" in our Condensed Consolidated Statements of Operations and Comprehensive Loss.

As of March 31, 2024, we had an interest rate cap with an aggregate notional value of principal of $650.0 million with a maturity date of December 16, 2024. We also had interest rate collar contracts with an aggregate notional value of principal of $300.0 million with a maturity date of April 5, 2026. The aggregate fair value of our interest rate caps and collars represented an outstanding net asset of $22.5 million as of March 31, 2024.

Holding other variables constant, a change of one-eighth percentage point in the weighted average interest rate above the floor of 0.75% on the Term Loan Facility and Revolving Credit Facility would have resulted in an increase of $0.2 million in interest expense, net of gains from interest rate caps and collars, for the three months ended March 31, 2024.

In the future, in order to manage our interest rate risk, we may refinance our existing debt, enter into additional interest rate cap agreements or modify our existing interest rate cap agreement. However, we do not intend or expect to enter into derivative or interest rate cap transactions for speculative purposes.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of March 31, 2024, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in internal control over financial reporting that occurred during the quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In designing and evaluating our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various legal matters that arise in the ordinary course of our business. Some of these legal matters purport or may be determined to be class and/or representative actions, or seek substantial damages or penalties. Some of these legal matters relate to disputes regarding acquisitions. In connection with certain of the below matters and other legal matters, we have accrued amounts that we believe are appropriate. There can be no assurance, however, that the below matters and other legal matters will not result in us having to make payments in excess of such accruals or that the below matters or other legal matters will not materially or adversely affect our business, financial position, results of operations, or cash flows.

Commercial Matters

We have been involved in various litigation matters and arbitrations with respect to commercial matters arising with clients, vendors and third-party sellers of businesses. We have retained outside counsel to represent us in these matters and we are vigorously defending our interests.

Employment-Related Matters

We have also been involved in various litigation, including purported class or representative actions with respect to matters arising under the U.S. Fair Labor Standards Act, California Labor Code and Private Attorneys General Act. Many involve allegations for allegedly failing to pay wages and/or overtime, failing to provide meal and rest breaks and failing to pay reporting time pay, waiting time penalties and other penalties.

Legal Matters Related to Take 5

In April 2018, the Company acquired the business of Take 5 Media Group (“Take 5”). As a result of an investigation into that business in 2019 that identified certain misconduct, the Company terminated all operations of Take 5 in July 2019 and offered refunds to clients of collected revenues attributable to the period after the Company’s acquisition. The Company refers to the foregoing as the Take 5 Matter. The Company voluntarily disclosed to the United States Attorney’s Office and the Federal Bureau of Investigation certain misconduct occurring at Take 5. The Company intends to cooperate in this and any other governmental investigations that may arise in connection with the Take 5 Matter. In October 2022, an arbitrator made a final award in favor of the Company. The Company is actively pursuing the collection of this award in state court in Florida. The Company is currently unable to estimate if or when it will be able to collect any amounts associated with this arbitration. The Take 5 Matter may result in additional litigation against the Company, including lawsuits from clients, or governmental investigations, which may expose the Company to potential liability in excess of the amounts being offered by the Company as refunds to Take 5 clients. The Company is currently unable to determine the amount of any potential liability, costs or expenses (above the amounts already being offered as refunds) that may result from any lawsuits or investigations associated with the Take 5 Matter or determine whether any such issues will have any future material adverse effect on the Company’s financial position, liquidity, or results of operations. Although the Company has insurance covering certain liabilities, the Company cannot assure that the insurance will be sufficient to cover any potential liability or expenses associated with the Take 5 Matter.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed under Part I, Item 1A “Risk Factors” in the 2023 Annual Report on Form 10-K, the current effects of which are discussed in more detail in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Quarterly Report on Form 10-Q. These risks are not the only risks that may affect us. Additional risks that we are not aware of or do not believe are material at the time of this filing may also become important factors that adversely affect our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended March 31, 2024, none of our directors and executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are filed with this Report:

Exhibit Number	Description
10.1	Amendment No. 3 to First Lien Credit Agreement, dated as of April 17, 2024, by and among the Borrower, Holdings, the other guarantors parties thereto, each lender party thereto, and Bank of America, as administrative agent.
31.1+	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2+	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1**	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350
32.2**	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Filed herewith.
** Furnished herewith and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADVANTAGE SOLUTIONS INC.

By:	/s/ David Peacock
	David Peacock Chief Executive Officer (Principal Executive Officer)
Date:	May 10, 2024
By:	/s/ Christopher Growe
	Christopher Growe Chief Financial Officer (Principal Financial Officer)
Date:	May 10, 2024

Exhibit 31.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, David Peacock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Advantage Solutions Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 10, 2024

By: /s/ David Peacock
David Peacock
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christopher Growe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Advantage Solutions Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 10, 2024

By: /s/ Christopher Growe

Christopher Growe
Chief Financial Officer
(*Principal Financial Officer*)

Exhibit 32.1

**CERTIFICATION PURSUANT
TO
18 U.S.C. SECTION
1350, AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Advantage Solutions Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission (the “Report”), I, David Peacock, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

May 10, 2024

By: /s/ David Peacock
David Peacock
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 32.2

CERTIFICATION PURSUANT
TO
18 U.S.C. SECTION
1350, AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Advantage Solutions Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission (the “Report”), I, Christopher Growe, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

May 10, 2024

By: /s/ Christopher Growe
Christopher Growe
Chief Financial Officer
(*Principal Financial Officer*)