

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 10, 2022

Advantage Solutions Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-38990 (Commission File Number)	83-4629508 (I.R.S. Employer Identification No.)
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**15310 Barranca Parkway, Suite 100
Irvine, CA**
(Address of principal executive offices)

92618
(Zip Code)

Registrant's telephone number, including area code: (949) 797-2900

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, \$0.0001 par value per share	ADV	The NASDAQ Stock Market LLC
Warrants to purchase Class A common stock	ADVWW	The NASDAQ Stock Market LLC

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

Emerging growth company

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

Item 2.02 – Results of Operations and Financial Condition

On May 10, 2022, Advantage Solutions Inc. (the “Company”) issued a press release announcing its financial results for the three months ended March 31, 2022. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference herein.

On May 10, 2022, at 5:00 p.m. ET, the Company will host a conference call announcing its financial results for the three months ended March 31, 2022. A copy of management’s earnings presentation materials is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated by reference herein. The presentation will be accessible, live via audio broadcast, through a link posted on the Investor Relations section of the Company’s website at <https://ir.advantagesolutions.net>. This presentation will be available for audio replay for one week following the call.

The Company makes reference to non-GAAP financial information in the press release and earnings presentation materials. The Company’s non-GAAP financial measures should be viewed in addition to and not as a substitute for or superior to the Company’s reported results prepared in accordance with GAAP. Reconciliation of these non-GAAP financial measures to the nearest comparable GAAP financial measures are contained in the data tables at the end of the press release and earnings presentation materials.

Item 9.01 – Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release issued by Advantage Solutions Inc., dated May 10, 2022 regarding results for the three months ended March 31, 2022.
99.2	Management’s Earnings Presentation for Advantage Solutions Inc., dated May 10, 2022.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 10, 2022

ADVANTAGE SOLUTIONS INC.

By: /s/ Brian Stevens
Brian Stevens
Chief Financial Officer and
Chief Operating Officer

Advantage Solutions Reports First Quarter 2022 Financial Results and Affirms Full Year 2022 Outlook

Irvine, Calif, May 10, 2022 – Advantage Solutions Inc. (NASDAQ: ADV) (“Advantage,” “Advantage Solutions,” the “Company,” “we” or “our”), a leading provider of outsourced sales and marketing services to consumer goods manufacturers and retailers, today reported financial results for its fiscal first quarter ended March 31, 2022.

“I am pleased to report we delivered approximately 16% year-on-year increase in revenues during the first quarter, primarily driven by the ongoing recovery of our businesses most impacted by the pandemic,” said Advantage Solutions Chief Executive Officer Jill Griffin. “Our product demonstration and sampling, retail merchandising and select European businesses were key drivers of our revenue growth in the quarter. We continue to make significant investments in innovative new services, infrastructure, systems and tools to drive new revenues in higher-growth, higher-margin areas as well as improve business productivity and operational efficiencies. Concurrently, we are stepping up spending in wages, recruiting and retention of our workforce but remain disciplined in realizing price from our clients to offset inflation in these labor-intensive services that are critical for brands and retailers.”

“Looking ahead, as we continue to navigate the evolving operating environment, challenging macroeconomic headwinds and emergence from the pandemic, we remain confident in our ability to deliver against our full year 2022 Adjusted EBITDA guidance of \$490 million to \$510 million,” Griffin concluded.

First Quarter 2022 Highlights

- Revenues were \$914.8 million for the first quarter of 2022, representing an increase of \$123.8 million, or 15.6%, from the first quarter 2021 revenues of \$791.0 million.
- Operating income was \$23.0 million for the first quarter of 2022, representing a decrease of \$14.6 million, or 38.7%, from the first quarter 2021 operating income of \$37.6 million.
- Net income was \$17.5 million for the first quarter of 2022, representing an increase of \$18.1 million from the first quarter 2021 net loss of \$0.5 million.
- Adjusted EBITDA was \$96.7 million for the first quarter of 2022, representing a decrease of \$14.7 million, or 13.2%, from the first quarter 2021 Adjusted EBITDA of \$111.4 million.

The year-over-year increase in revenues was driven by \$66.1 million of growth in the marketing segment (an increase of 26% year over year) and \$57.6 million of growth in the sales segment (an increase of 11% year over year). First quarter growth in the marketing segment was driven primarily by the continued recovery in product demonstration and sampling. First quarter growth in the sales segment was driven by higher merchandising services revenues and a rebound of the Company’s international businesses.

The year-over-year decrease in operating income was primarily due to a shift in revenue mix and the ongoing reinvestment activities in labor and wage spend, along with our innovation and renovation activities and an increase in the amount of self-insured medical claims.

The year-over-year increase in net income was driven primarily by the decrease in change in fair value of warrant liability and interest expense, partially offset by the decrease in operating income and increase in the provision for income taxes.

The year-over-year decline in Adjusted EBITDA was primarily due to the same items impacting the decline in operating income noted above.

Balance Sheet Highlights

As of March 31, 2022, the Company's cash and cash equivalents was \$123.6 million, total debt was \$2,090.1 million and Net Debt was \$1,966.6 million. The debt capitalization consists primarily of the \$1,308 million First Lien Term Loan, \$775 million of senior secured notes and a \$400 million revolving credit facility, under which there was no outstanding balance as of March 31, 2022.

Fiscal Year 2022 Outlook

In an environment marked by continued inflation, supply chain constraints and labor challenges, the Company is reiterating its 2022 Adjusted EBITDA guidance range of \$490 million to \$510 million. As previously disclosed, this reflects an initial budget for 2022 that showed modest year-over-year Adjusted EBITDA growth and a decision by the Advantage team to pursue thoughtful reinvestment — focusing even more funding on talent amidst a difficult labor market backdrop, innovating in adjacent faster-growth and higher-margin services and renovating infrastructure.

Conference Call Details

Advantage will host a conference call at 5:00 p.m. ET on May 10, 2022 to discuss its first quarter 2022 financial performance and business outlook. To participate, please dial (877) 407-4018 within the United States or (201) 689-8471 outside the United States approximately 10 minutes before the scheduled start of the call. The conference ID for the call is 13728570. The conference call will also be accessible live via audio broadcast on the Investor Relations section of the Advantage website at <https://ir.advantagesolutions.net>.

A replay of the conference call will be available online at <https://ir.advantagesolutions.net>. In addition, an audio replay of the call will be available for one week following the call and can be accessed by dialing (844) 512-2921 within the United States or (412) 317-6671 outside the United States. The replay ID is 13728570.

About Advantage Solutions

Advantage Solutions (Nasdaq: ADV) is a leading provider of outsourced sales and marketing solutions to consumer goods companies and retailers. Our data- and technology-driven services — which include headquarter sales, retail merchandising, in-store and online sampling, digital commerce, omnichannel marketing, retail media and others — help brands and retailers of all sizes get products into the hands of consumers, wherever they shop. As a trusted partner and problem solver, we help our clients sell more while spending less. Headquartered in Irvine, California, we have offices throughout North America and strategic investments in select markets throughout Africa, Asia, Australia and Europe through which we serve the global needs of multinational, regional and local manufacturers. For more information, please visit advantagesolutions.net.

Forward-Looking Statements

Certain statements in this press release may be considered forward-looking statements within the meaning of the federal securities laws, including statements regarding the expected future performance of Advantage's business. Forward-looking statements generally relate to future events or Advantage's future financial or operating performance. These forward-looking statements generally are identified by the words "may", "should", "expect", "intend", "will", "would", "estimate", "anticipate", "believe", "predict", "potential" or "continue", or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by Advantage and its management at the time of such statements, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to, the COVID-19 pandemic and the measures taken in response thereto; the availability, acceptance, administration and effectiveness of any COVID-19 vaccine; market-driven wage changes or changes to labor laws or wage or job classification regulations, including minimum wage; Advantage's ability to continue to generate significant operating cash flow; client procurement strategies and consolidation of Advantage's clients' industries creating pressure on the nature and pricing of its services; consumer goods manufacturers and retailers reviewing and changing their sales, retail, marketing and technology programs and relationships; Advantage's ability to successfully develop and maintain relevant omni-channel services for our clients in an evolving industry and to otherwise adapt to significant technological change; Advantage's ability to maintain proper and effective internal control over financial reporting in the future; potential and actual harms to Advantage's business arising from the Take 5 Matter; Advantage's substantial indebtedness and our ability to refinance at favorable rates; and other risks and uncertainties set forth in the section titled "Risk Factors" in the Annual Report on Form 10-K and Quarterly Report on Form 10-Q filed by the Company with the Securities and Exchange Commission (the "SEC") on March 1, 2022 and May 10, 2022, respectively, and in its other filings made from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Advantage assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financial Measures and Related Information

This press release includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP"), including Adjusted EBITDA and Net Debt. These are not measures of financial performance calculated in accordance with GAAP and may exclude items that are significant in understanding and assessing Advantage's financial results. Therefore, the measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP, and should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that Advantage's presentation of these measures may not be comparable to similarly titled measures used by other companies. Reconciliations of historical non-GAAP measures to their most directly comparable GAAP counterparts are included below.

Advantage believes these non-GAAP measures provide useful information to management and investors regarding certain financial and business trends relating to Advantage's financial condition and results of operations. Advantage believes that the use of Adjusted EBITDA and Net Debt provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing Advantage's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. 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 Advantage's non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

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

Net Debt represents the sum of current portion of long-term debt and long-term debt, less cash and cash equivalents and debt issuance costs. With respect to Net Debt, cash and cash equivalents are subtracted from the GAAP measure, total debt, because they could be used to reduce the debt obligations.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This press release also includes certain estimates and projections of Adjusted EBITDA, including with respect to expected fiscal 2022 results. Due to the high variability and difficulty in making accurate estimates and projections of some of the information excluded from Adjusted EBITDA, together with some of the excluded information not being ascertainable or accessible, Advantage is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measures without unreasonable effort. Consequently, no disclosure of estimated or projected comparable GAAP measures is included and no reconciliation of such forward-looking non-GAAP financial measures is included.

Advantage Solutions Inc.
Reconciliation of Net Income (loss) to Adjusted EBITDA
(Unaudited)

Consolidated	Three Months Ended March 31,	
	2022	2021
(in thousands)		
Net income (loss)	\$ 17,534	\$ (546)
Add:		
Interest expense, net	11,883	30,865
Provision for income taxes	9,049	1,743
Depreciation and amortization	57,768	59,613
Equity-based compensation of Topco ^(a)	(2,795)	(2,814)
Change in fair value of warrant liability	(15,442)	5,526
Stock-based compensation expense ^(b)	7,771	8,655
Fair value adjustments related to contingent consideration related to acquisitions ^(c)	2,134	(1,043)
Acquisition-related expenses ^(d)	9,585	5,146
EBITDA for economic interests in investments ⁽ⁱ⁾	(4,052)	(1,189)
Restructuring expenses ^(e)	643	4,096
Litigation expenses (recovery) ^(f)	—	(818)
Costs associated with COVID-19, net of benefits received ^(g)	1,574	1,293
Costs associated with the Take 5 Matter ^(h)	1,087	901
Adjusted EBITDA	\$ 96,739	\$ 111,428

- (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 Advantage Sponsors and (ii) equity-based compensation expense associated with the Common Series C Units of Topco.
- (b) Represents non-cash compensation expense related to the 2020 Incentive Award Plan and the 2020 Employee Stock Purchase Plan.
- (c) Represents adjustments to the estimated fair value of our contingent consideration liabilities related to our acquisitions. See Note 5—*Fair Value of Financial Instruments* to our unaudited condensed financial statements for the three months ended March 31, 2022 and 2021.
- (d) Represents fees and costs associated with activities related to our acquisitions and restructuring activities related to our equity ownership, including transaction bonuses paid in connection with the Transactions, professional fees, due diligence and integration activities.
- (e) Represents fees and costs associated with various internal reorganization activities among our consolidated entities.
- (f) Represents legal settlements that are unusual or infrequent costs associated with our operating activities.
- (g) Represents (i) costs related to implementation of strategies for workplace safety in response to COVID-19, including employee-relief fund, additional sick pay for front-line associates, medical benefit payments for furloughed associates and personal protective equipment; and (ii) benefits received from government grants for COVID-19 relief.
- (h) Represents costs associated with the Take 5 Matter, primarily, professional fees and other related costs, for the three months ended March 31, 2022 and 2021, respectively.
- (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.

Advantage Solutions Inc.
Reconciliation of Total Debt to Net Debt
(Unaudited)

(in millions)	March 31, 2022	
Current portion of long-term debt	\$	15.0
Long-term debt, net of current portion		2,027.7
Less: Debt issuance costs		(47.5)
Total Debt		2,090.2
Less: Cash and cash equivalents		123.6
Total Net Debt ^(a)	\$	1,966.6

(a) We present Net Debt because we believe this non-GAAP measure provides useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and to evaluate changes to the Company's capital structure and credit quality assessment.

Contacts:

Lasse Glassen

Addo Investor Relations

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(310) 829-5400

ADVANTAGE SOLUTIONS INC.

Q1 2022 Earnings Presentation

May 10, 2022



DISCLAIMER

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Q1 KEY MESSAGES

- Delivered first quarter results that were largely in-line with our expectations
- Generated approximately 16% year-on-year revenue growth driven by:
 - Sampling events up 62% year-on-year
 - Meaningful rebound in Europe due to reopening of businesses
 - Successful tuck-in M&A activities focused on adding capabilities to help clients navigate an omni-channel world
- Adjusted EBITDA declined as anticipated and reflected:
 - A shift in revenue mix
 - Increasing labor and wage spend
 - Ongoing investment activities

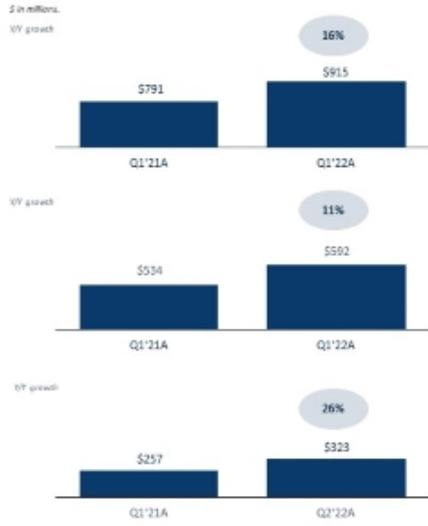
Q1 DELIVERED A SOLID START TO 2022

Total Advantage

Sales Segment

Marketing Segment

Revenues



Adjusted EBITDA



Note: Please see the appendix for a reconciliation of non-GAAP financial measures to most directly comparable GAAP measures. Totals may not add due to rounding.

HEALTHY TRENDS ACROSS SEGMENTS IN Q1

- Solid revenue performance in Sales segment
 - Sales agency business reflects increase in consumer goods spend in dollars due to inflation partially offset by lower unit volume due to supply chain challenges
 - Retail merchandising growth
 - International business recovery
 - Mix challenged by growth in lower margin merchandising services
- Recovery in Marketing segment
 - In-store sampling continuing to rebound; event count improved to 62% of 2019 exiting Q1
 - Modest profit growth as we incur expense to source labor; accelerating profitability as business continues to scale





2022 INVESTMENT ACTIVITIES

Innovation

Investing to scale adjacent and complementary services, especially higher-growth, higher-margin data, intelligence and digital offerings

Key Projects: Development of discreet new services adding capabilities in data driven Supply Chain services, Retail Media and Retail POS/Analytics

Renovation

Accelerating investment in infrastructure, systems and tools to help drive productivity and operational efficiencies; improve speed to hire

Key Projects: Development and consolidation of critical retail merchandising and retail event operating technology platforms and new recruiting tools

Talent

Increased spending in wages, recruiting and retention

Key Projects: Actions to improve execution rates to fulfill customer demand

FINANCIAL PERFORMANCE



FINANCIAL SUMMARY

(\$ in millions)	Q2			Q3			Q4			Q1		
	2021A	2020A	%	2021A	2020A	%	2021A	2020A	%	2022A	2021A	%
Total Advantage												
Revenues	\$850	\$642	32%	\$929	\$784	18%	\$1,033	\$850	21%	\$915	\$791	16%
Adjusted EBITDA	122	112	9%	134	136	(2)%	154	133	16%	97	111	(13)%
% margin	14.4%	17.5%		14.4%	17.4%		14.9%	15.6%		10.6%	14.1%	
Sales Segment												
Revenues	562	460	22%	597	542	10%	631	551	15%	592	534	11%
Adjusted EBITDA	90	90	(1)%	95	102	(7)%	94	90	5%	68	84	(19)%
% margin	15.9%	19.6%		15.9%	18.8%		15.0%	16.3%		11.5%	15.7%	
Marketing Segment												
Revenues	288	181	59%	332	242	37%	402	300	34%	323	257	26%
Adjusted EBITDA	32	22	47%	39	34	12%	60	43	39%	29	27	4%
% margin	11.3%	12.1%		11.6%	14.2%		14.8%	14.3%		8.8%	10.7%	

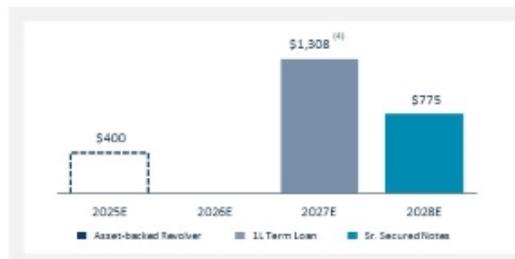
Note: Please see the appendix for a reconciliation of non-GAAP financial measures to most directly comparable GAAP measures. Totals may not add due to rounding.

CAPITALIZATION SUMMARY

- Total Debt of \$2.1 billion⁽¹⁾
 - Leverage at around 3.9x net debt⁽¹⁾ to LTM March Adjusted EBITDA
 - No meaningful maturities for the next four+ years

- Debt Capitalization:

	Maturity	Rate	Outstanding
Asset-backed Revolver (\$400M)	2025	L+2.25% ⁽²⁾	--
First Lien Term Loan	2027	L+4.50% ⁽³⁾	1,308
Senior Secured Notes	2028	6.50%	775
Total Funded Debt			\$2,083



- Equity capitalization @ March 31, 2022:

- 318,393,829 Class A Common shares outstanding
- 1,610,014 Treasury shares outstanding
- 18,578,321 Warrants @ \$11.50 exercise
- 5,948,228 Performance Restricted Stock Units ("PSUs")⁽⁵⁾
- 8,319,466 Restricted Stock Units ("RSUs")
- 1,206,988 Options

(1) Net debt is a non-GAAP financial measure and includes Other Debt of approximately \$7M. For a reconciliation of net debt to total debt, the most directly comparable GAAP counterpart, please see the appendix attached hereto.

(2) Asset-backed Revolver rate subject to 0.50% LIBOR floor. See ABL Revolving Credit Agreement, dated October 28, 2021 for additional information.

(3) First Lien Term Loan rate subject to 0.75% LIBOR floor. See First Lien Credit Agreement, dated October 28, 2020 and First Lien Amendment dated October 28, 2021.

(4) First Lien Term Loan amortizes at 1% per annum, paid quarterly. Illustratively showing full \$1,308 million obligation in 2027E maturity.

(5) Represents the number of underlying shares that would be issued at Target performance levels.



OUTLOOK AND GUIDANCE

Affirming 2022 Outlook:

- FY 2022 Adjusted EBITDA of \$490 to \$510 million
- This reflects an initial budget for 2022 that showed modest year-over-year EBITDA growth and continued reinvestment activities, including:
 - Focusing more funding on talent – wages, recruiting, and retention
 - Investing in innovation to scale adjacent and complementary services, especially in digital
 - Renovating infrastructure, systems and tools to help drive productivity
- Expecting net debt to Adjusted EBITDA to be up modestly from 2021 levels given reinvestment

THANK YOU



NON-GAAP RECONCILIATION (1/3)

Consolidated	Three Months Ended	
	March 31,	
	2022	2021
Total Company (in thousands)		
Net income (loss)	\$ 17,534	\$ (546)
Add:		
Interest expense, net	11,883	30,885
Provision for income taxes	9,049	1,749
Depreciation and amortization	57,763	59,613
Equity based compensation of Topco ⁽¹⁾	(2,795)	(2,814)
Change in fair value of warrant liability	(15,442)	5,526
Stock based compensation expense ⁽²⁾	7,771	8,655
Fair value adjustments related to contingent consideration related to acquisitions ⁽³⁾	2,134	(2,043)
Acquisition-related expenses ⁽⁴⁾	3,585	5,146
EBITDA for economic interests in investments ⁽⁵⁾	(4,052)	(1,189)
Restructuring expenses ⁽⁶⁾	643	4,096
Litigation expenses (recovery) ⁽⁷⁾	—	(816)
Costs associated with COVID-19, net of benefits received ⁽⁸⁾	1,674	1,293
Costs associated with the Take 5 Master ⁽⁹⁾	1,587	901
Adjusted EBITDA	\$ 96,739	\$ 113,438

Sales Segment (in thousands)	Three Months Ended	
	March 31,	
	2022	2021
Operating income	\$ 18,973	\$ 35,148
Add:		
Depreciation and amortization	40,969	42,564
Equity based compensation of Topco ⁽¹⁾	(1,052)	(1,838)
Stock based compensation expense ⁽²⁾	4,758	4,694
Fair value adjustments related to contingent consideration related to acquisitions ⁽³⁾	803	778
Acquisition-related expenses ⁽⁴⁾	7,314	3,320
EBITDA for economic interests in investments ⁽⁵⁾	(4,207)	(1,487)
Restructuring expenses ⁽⁶⁾	819	782
Litigation expenses (recovery) ⁽⁷⁾	—	(516)
Costs associated with COVID-19, net of benefits received ⁽⁸⁾	456	633
Sales Segment Adjusted EBITDA	\$ 68,233	\$ 84,076

Marketing Segment (in thousands)	Three Months Ended	
	March 31,	
	2022	2021
Operating income	\$ 4,051	\$ 2,440
Add:		
Depreciation and amortization	16,799	17,049
Equity based compensation of Topco ⁽¹⁾	(1,143)	(976)
Stock based compensation expense ⁽²⁾	1,013	1,961
Fair value adjustments related to contingent consideration related to acquisitions ⁽³⁾	1,331	(1,821)
Acquisition-related expenses ⁽⁴⁾	2,271	1,826
EBITDA for economic interests in investments ⁽⁵⁾	155	298
Restructuring expenses ⁽⁶⁾	(176)	3,316
Litigation expenses (recovery) ⁽⁷⁾	—	(302)
Costs associated with COVID-19, net of benefits received ⁽⁸⁾	1,110	860
Costs associated with the Take 5 Master ⁽⁹⁾	1,087	901
Marketing Segment Adjusted EBITDA	\$ 28,806	\$ 27,352

NON-GAAP RECONCILIATION (2/3)

(in millions)	March 31, 2022
Current portion of long-term debt	\$ 15.0
Long-term debt, net of current portion	2,027.7
Less: Debt issuance costs	(47.5)
Total Debt	2,090.2
Less: Cash and cash equivalents	123.6
Total Net Debt ⁽¹⁾⁽²⁾	\$ 1,966.6

NON-GAAP RECONCILIATION (3/3)

Note: Dollars in millions. Numerical figures included in this slide have been subject to rounding adjustments

- (1) Represents equity-based compensation of Karman Topco L.P.
- (2) Represents non-cash compensation expense related to issuance of performance restricted stock units, restricted stock units, and stock options with respect to our Class A common stock under the Advantage Solutions Inc. 2020 Incentive Award Plan and the Advantage Solutions 2020 Employee Stock Purchase Plan.
- (3) Represents adjustments to the estimated fair value of our contingent consideration liabilities related to our acquisitions, excluding the present value accretion recorded in interest expense, net, for the applicable periods.
- (4) Represents fees and costs associated with activities related to our acquisitions and restructuring activities related to our equity ownership, including professional fees, due diligence, and integration activities.
- (5) 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.
- (6) One-time restructuring activities costs associated with non-recurring reorganization projects.
- (7) Represents legal settlements that are unusual or infrequent costs associated with our operating activities.
- (8) Represents (a) costs related to implementation of strategies for workplace safety in response to COVID-19, including employee-relief fund, additional sick pay for front-line associates, medical benefit payments for furloughed associates, and personal protective equipment and (b) benefits received from government grants for COVID-19 relief.
- (9) Represents costs associated with the Take 5 Matter, primarily, professional fees and other related costs.
- (10) Net Debt represents the sum of current portion of long-term debt and long-term debt, less cash and cash equivalents and debt issuance costs. With respect to Net Debt, cash and cash equivalents are subtracted from the GAAP measure, total debt, because they could be used to reduce the debt obligations.