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): August 9, 2022

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

Delaware	001-38990	83-4629508
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

15310 Barranca Parkway, Suite 100 Irvine, CA	92618
(Address of principal executive offices)	(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))

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	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 August 9, 2022, Advantage Solutions Inc. (the "Company") issued a press release announcing its financial results for the three months ended June 30, 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 August 9, 2022, at 5:00 p.m. ET, the Company will host a conference call announcing its financial results for the three months ended June 30, 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 August 9, 2022 regarding results for three months ended June 30, 2022.
99.2	Management's Earnings Presentation for Advantage Solutions Inc., dated August 9, 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: August 9, 2022

ADVANTAGE SOLUTIONS INC.

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

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

Irvine, Calif, August 9, 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 second quarter ended June 30, 2022.

“Advantage continued to see progress in the second quarter. Our performance was highlighted by a 15.4% year-over-year improvement in revenues, driven largely by the recovery of our in-store sampling and demonstration business,” said Advantage Solutions Chief Executive Officer Jill Griffin. “Throughout the second quarter, we remained focused on operating the core business, navigating the challenging macroeconomic environment and positioning Advantage for the long-term future. We are also strategically spending on wages, recruiting and retention to stand up significant numbers of new associates in order to meet client demand for our ‘must-have’ services.”

“Despite continued wage inflation and volatile consumer demand, we continue to anticipate that our revenues and Adjusted EBITDA will be stronger in the back half of the year as compared to the first half. This growth on our top and bottom lines will be supported by the ongoing recovery and scale of our in-store sampling and demonstration business. As a result, we are confident in reaffirming our full year 2022 Adjusted EBITDA guidance of $490 million to $510 million,” Griffin concluded.

Second Quarter 2022 Highlights

- Revenues were $981.1 million for the second quarter of 2022, representing an increase of $131.1 million, or 15.4%, from the second quarter 2021 revenues of $850.0 million.
- Operating income was $28.3 million for the second quarter of 2022, representing a decrease of $14.2 million, or 33.4%, from the second quarter 2021 operating income of $42.4 million.
- Net income was $3.7 million for the second quarter of 2022, representing a decrease of $2.1 million, or 36.1%, from the second quarter 2021 net income of $5.8 million.
- Adjusted EBITDA was $108.3 million for the second quarter of 2022, representing a decrease of $13.6 million, or 11.2%, from the second quarter 2021 Adjusted EBITDA of $122.0 million.

The year-over-year increase in revenues was driven by $88.6 million of growth in the marketing segment (an increase of 31% year over year) and $42.5 million of growth in the sales segment (an increase of 8% year over year). Second quarter growth in the marketing segment was driven primarily by the continued recovery in in-store product demonstration and sampling services. Net of foreign exchange headwinds, the second quarter growth in the sales segment was driven by acquired revenues, as well as the recovery of certain international businesses and higher merchandising services revenues, partially offset by the loss of a foodservice client in the prior year and a decrease in third-party selling and retailing services.

The year-over-year decrease in operating income was primarily due to the ongoing investment activities in talent, wages, renovation and innovation, coupled with inflationary pressures.

The year-over-year decrease in net income was driven by the decline in operating income, partially offset by a decrease in interest expense.

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

Balance Sheet Highlights

As of June 30, 2022, the Company's cash and cash equivalents was $115.8 million, total debt was $2,131.2 million and Net Debt was $2,015.4 million. The debt capitalization consists primarily of the $1,305 million First Lien Term Loan, $775 million of senior secured notes and a $400 million revolving credit facility, under which there was a $45 million outstanding balance as of June 30, 2022.

Fiscal Year 2022 Outlook

The Company is reiterating its fiscal year 2022 Adjusted EBITDA guidance range of $490 million to $510 million. As previously disclosed, this guidance reflects a decision by the Advantage team to pursue thoughtful investment — focusing even more of the Company's capital on talent amidst a difficult labor market backdrop, innovating in higher-margin retail data services and renovating infrastructure.

Conference Call Details

Advantage will host a conference call at 5:00 p.m. ET on August 9, 2022 to discuss its second 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 13730240. The conference call will also be accessible live via audio broadcast on the Investor Relations section of the Advantage website at ir.advantagesolutions.net.

A replay of the conference call will be available online at 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 13730240.

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 and projected financial results. 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", "could", "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 August 9, 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 June 30,**		**Six Months Ended June 30,**	
	2022	**2021**	**2022**	**2021**
(in thousands)				
Net income	$ 3,676	$ 5,754	$ 21,210	$ 5,208
Add:				
Interest expense, net	28,188	37,189	40,071	68,054
Provision for income taxes	1,316	6,563	10,365	8,306
Depreciation and amortization	58,444	62,674	116,212	122,287
Equity based compensation of Topco[a]	(3,519)	(1,642)	(6,314)	(4,456)
Change in fair value of warrant liability	(4,914)	(7,059)	(20,356)	(1,533)
Stock-based compensation expense[b]	14,961	8,988	22,732	17,643
Fair value adjustments related to contingent consideration related to acquisitions[c]	3,654	3,598	5,788	2,555
Acquisition-related expenses[d]	5,998	2,797	15,583	7,943
EBITDA for economic interests in investments[e]	(1,020)	(1,807)	(5,072)	(2,996)
Restructuring expenses[f]	253	6,934	896	11,030
Litigation recovery[g]	(800)	—	(800)	(818)
Costs associated with COVID-19, net of benefits received[h]	1,362	(3,328)	2,936	(2,035)
Costs associated with the Take 5 Matter[i]	723	1,310	1,810	2,211
Adjusted EBITDA	$ 108,322	$ 121,971	$ 205,061	$ 233,399

(a) Represents expenses related to (i) equity-based compensation expense associated with grants of Common Series D Units of Karman Topco L.P. ("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 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 6—*Fair Value of Financial Instruments* to our unaudited condensed financial statements for the three and six months ended June 30, 2022 and 2021.
(d) Represents fees and costs associated with activities related to our acquisitions and restructuring activities including professional fees, due diligence, and integration activities.
(e) 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.
(f) Represents fees and costs associated with various internal reorganization activities among our consolidated entities.
(g) Represents legal settlements that are unusual or infrequent costs associated with our operating activities.
(h) 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.
(i) Represents costs associated with the Take 5 Matter, primarily, professional fees and other related costs, for the three and six months ended June 30, 2022 and 2021, respectively.

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

(in millions)	June 30, 2022
Current portion of long-term debt	$ 59.8
Long-term debt, net of current portion	2,026.0
Less: Debt issuance costs	(45.4)
Total Debt	2,131.2
Less: Cash and cash equivalents	115.8
Total Net Debt [(a)]	**$ 2,015.4**

(a) 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. 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
investorrelations@advantagesolutions.net
(424) 238-6249

ADVANTAGE SOLUTIONS INC.

Q2 2022 Earnings Presentation

August 9, 2022





DISCLAIMER

Forward-Looking Statements

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from those expressed or implied by such forward looking statements.

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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,
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
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 indebte
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by law.

Non-GAAP Financial Measures and Related Information

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP"), Adjusted EBITDA and Net Debt. These are not measures of financial performance cal
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Matter and (xvi) other adjustments that management believes are helpful in evaluating our operating performance.

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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.

Q2 KEY MESSAGES

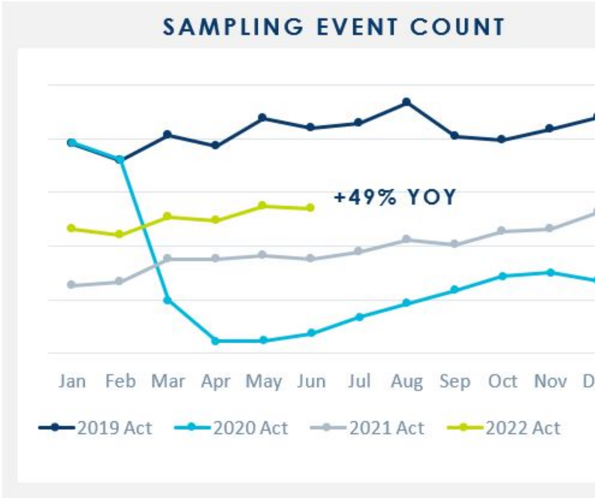
- Consumer goods demand signals (online and in-store) remain volatile
- Delivered second quarter results largely in-line with expectations
- Generated approximately 15% year-on-year revenue growth driven by:
    - In-store sampling and demonstration events up 49% year-on-year
    - Contributions from acquisitions
    - Recovery of international businesses impacted by the pandemic and retail merchandising services
- Successful tuck-in M&A activities focused on adding capabilities to help clients navigate an omni-channel world
- Adjusted EBITDA and margin declined as anticipated reflecting a shift in revenue mix, ongoing investment activities and the loss of a foodservice client in the prior year

Q2 RESULTS DEMONSTRATE CONTINUED RECOVERY

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 REVENUE TRENDS ACROSS SEGMENTS IN Q2

- Solid revenue performance in Sales segment
  - Contributions from acquisitions
  - Recovery in international businesses
  - Retail merchandising growth
  - Mix challenged by growth in lower margin merchandising services
- Recovery in Marketing segment
  - In-store sampling and demonstration continuing to rebound; event count up 49% year-over-year; event count improved to 64% of Q2 2019 levels
  - Continued modest profit growth as we incur expense to source labor; accelerating profitability as business scales



2022 INVESTMENT ACTIVITIES

Talent

Increased spending in wages, recruiting and retention

Key Projects: Investing behind employees and supporting infrastructure in order to stand up demonstration and in-store sampling workforce, thereby improving execution to fulfill existing customer demand

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 technology platforms coupled with operational resource sharing to improve efficiency and utilization

Innovation

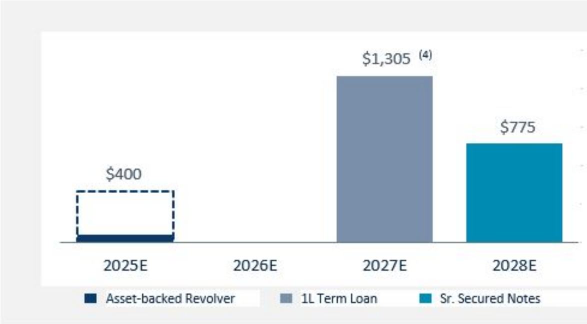
Investing to scale adjacent complementary services, e higher-growth, higher-mar and intelligence offerings

Key Projects: Developmen additional capabilities in da driven Supply Chain and Re POS/Analytics services

CAPITALIZATION SUMMARY

- Total Debt of $2.1 billion(1)
  - Leverage at around 4.1x net debt(1) to LTM June Adjusted EBITDA
  - No meaningful maturities for the next four+ years
- Debt Capitalization:

	Maturity	Rate	Outstanding
Asset-backed Revolver ($400M)	2025	L+2.25%(2)	45
First Lien Term Loan	2027	L+4.50%(3)	1,305
Senior Secured Notes	2028	6.50%	775
Total Funded Debt			**$2,125**



- Equity capitalization @ June 30, 2022:
  - 318,465,749 Class A Common shares outstanding
  - 1,610,014 Treasury shares outstanding
  - 18,578,321 Warrants @ $11.50 exercise
  - 6,156,244 Performance Restricted Stock Units ("PSUs")(5)
  - 8,611,626 Restricted Stock Units ("RSUs")
  - 945,664 Options

(1) Net debt is a non-GAAP financial measure and includes Other Debt of approximately $6M. 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, 2020 and First Lien Amendment 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 for additional information.
(4) First Lien Term Loan amortizes at 1% per annum, paid quarterly. Illustratively showing full $1,305 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 million to $510 million
- This reflects continued investment activities, including:
  - Focusing more funding on talent – wages, recruiting, and retention
  - Investing in innovation to scale adjacent and complementary services
  - Renovating infrastructure, systems and tools to help drive productivity
- Expecting net debt to Adjusted EBITDA to be up modestly from 2021 levels

THANK YOU




NON-GAAP RECONCILIATION *(1/4)*

Consolidated	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Total Company (in thousands)		
Net income (loss)	$ 3,676	$ 5,754
Add:		
Interest expense, net	28,188	37,189
Provision for income taxes	1,316	6,563
Depreciation and amortization	58,444	62,674
Equity based compensation of Topco[1]	(3,519)	(1,642)
Change in fair value of warrant liability	(4,914)	(7,059)
Stock based compensation expense[2]	14,961	8,988
Fair value adjustments related to contingent consideration related to acquisitions[3]	3,654	3,598
Acquisition-related expenses[4]	5,998	2,797
EBITDA for economic interests in investments[5]	(1,020)	(1,807)
Restructuring expenses[6]	253	6,934
Litigation expenses (recovery)[7]	(800)	—
Costs associated with COVID-19, net of benefits received[8]	1,362	(3,328)
Costs associated with the Take 5 Matter[9]	723	1,310
Adjusted EBITDA	$ 108,322	$ 121,971

(in thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Numerator - Revenues	$ 981,076	$ 849,954
Denominator - Adjusted EBITDA	$ 108,322	$ 121,971
Adjusted EBITDA Margin	11.0%	14.4%

NON-GAAP RECONCILIATION (2/4)

Sales Segment (in thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Operating income	$ 15,177	$ 44,673
Add:		
Depreciation and amortization	40,543	44,710
Equity based compensation of Topco[1]	(2,032)	(678)
Stock based compensation expense[2]	9,171	4,730
Fair value adjustments related to contingent consideration related to acquisitions[3]	6,090	(5,027)
Acquisition-related expenses[4]	3,540	2,280
EBITDA for economic interests in investments[5]	(1,155)	(2,110)
Restructuring expenses[6]	340	1,176
Litigation expenses (recovery)[7]	(100)	—
Costs associated with COVID-19, net of benefits received[8]	179	(231)
Sales Segment Adjusted EBITDA	$ 71,753	$ 89,523

Marketing Segment (in thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Operating income	$ 13,089	$ (2,226)
Add:		
Depreciation and amortization	17,901	17,964
Equity based compensation of Topco[1]	(1,487)	(964)
Stock based compensation expense[2]	5,790	4,258
Fair value adjustments related to contingent consideration related to acquisitions[3]	(2,436)	8,625
Acquisition-related expenses[4]	2,458	517
EBITDA for economic interests in investments[5]	135	303
Restructuring expenses[6]	(87)	5,758
Litigation expenses (recovery)[7]	(700)	—
Costs associated with COVID-19, net of benefits received[8]	1,183	(3,097)
Costs associated with the Take 5 Matter[9]	723	1,310
Marketing Segment Adjusted EBITDA	$ 36,569	$ 32,448

NON-GAAP RECONCILIATION *(3/4)*

(in millions)		June 30, 2022
Current portion of long-term debt	$	59.8
Long-term debt, net of current portion		2,026.0
Less: Debt issuance costs		(45.4)
Total Debt		2,131.2
Less: Cash and cash equivalents		115.8
Total Net Debt [10]	$	2,015.4

NON-GAAP RECONCILIATION *(4/4)*

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

(1) Represents expenses related to (i) equity-based compensation expense associated with grants of Common Series D Units of Karman Topco L.P. ("Topco") made to one of the equityholders of Topco and (ii) equity-based compensation expense associated with the Common Series C Units of Topco.

(2) Represents non-cash compensation expense related to the 2020 Incentive Award Plan and the 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 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) Represents fees and costs associated with various internal reorganization activities among our consolidated entities.

(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, for the three and six months ended June 30, 2022 and 2021, respectively.

(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. 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.