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, 2021

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.)

18100 Von Karman Avenue, Suite 1000	
Irvine, CA	**92612**
(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 May 10, 2021, Advantage Solutions Inc. (the “Company”) issued a press release announcing its financial results for the three months ended March 31, 2021. 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, 2021, at 5:00 p.m. ET, the Company will host a conference call announcing its financial results for the three months ended March 31, 2021. 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 7.01 Regulation FD Disclosure

The information set forth under Item 2.02 is incorporated by reference into this Item 7.01.

The information being furnished pursuant to Item 2.02 and Item 7.01 of this Current Report on Form 8-K, including the accompanying Exhibits 99.1 and 99.2, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Cautionary Note Regarding Forward-Looking Statements

The press release and earnings presentation include information that may be considered forward-looking statements within the meaning of the federal securities laws, including statements regarding the expected future performance of the Company’s business. Forward-looking statements generally relate to future events or the Company’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.

Detailed risk factors affecting the Company are set forth in the section titled “Risk Factors” in the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission (the “SEC”) on March 16, 2021 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 the Company 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.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release issued by Advantage Solutions Inc., dated May 10, 2021.
99.2	Management’s Earnings Presentation for Advantage Solutions Inc., dated May 10, 2021.
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, 2021

ADVANTAGE SOLUTIONS INC.

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

FOR IMMEDIATE RELEASE

Advantage Solutions Reports
Strong First Quarter 2021 Financial Results and Affirms 2021 Outlook

Irvine, Calif, May 10, 2021 – Advantage Solutions Inc. (NASDAQ: ADV) ("Advantage," the "Company," "we" or "our"), the 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, 2021.

"We are proud to report better than expected results for our third straight quarter," said Tanya Domier, Chief Executive Officer of Advantage. "We are helping consumer goods companies and retailers navigate out of COVID, and our service to them has reinforced their trust in our essential sales and marketing services. While portions of our business continue to experience temporary headwinds from the pandemic, we are pleased with improving momentum in the quarter," Domier commented. "Sustained strength in our sales segment and ramping recovery in our marketing segment during the first quarter leave us very confident in delivering on FY 2021 guidance of $515 to $525 million of Adjusted EBITDA."

"Importantly, I'd like to thank our associates. I couldn't be more proud of the team's passion and performance during these challenging times. Our associates have worked tirelessly to serve clients, customers and communities with critical solutions that help brands and retailers meet today's evolving needs," Domier added.

First Quarter 2021 Highlights

- Revenues were $791.0 million for the first quarter of 2021, representing a decline of $88.4 million, or 10.0%, from the first quarter of 2020 revenues of $879.4 million.
- Operating income was $37.6 million for the first quarter of 2021, representing growth of $6.2 million, or 19.6%, from the first quarter of 2020 operating income of $31.4 million.
- Net loss was $0.5 million for the first quarter of 2021, representing an improvement of $21.2 million, or 97.5%, from the first quarter of 2020 net loss $21.7 million.
- Adjusted EBITDA was $111.4 million for the first quarter of 2021, representing growth of $5.1 million, or 4.8%, from the first quarter of 2020 Adjusted EBITDA of $106.4 million.

First quarter 2021 revenues declined $88.4 million, or 10.0%, to $791.0 million compared to $879.4 million for the first quarter of 2020. The year-over-year decline in revenues was driven by a $114.9 million decline in the marketing segment, partially offset by $26.5 million of growth in the sales segment. The first quarter's decline in the marketing segment was the result of a COVID-driven dip year-on-year in the Company's in-store sampling business, partially offset by strength in digital agency businesses. The first quarter's growth in the sales segment was driven by still-elevated at-home consumption, new business wins and e-commerce growth.

First quarter 2021 operating income grew $6.2 million, or 19.6%, to $37.6 million compared to $31.4 million for the first quarter of 2020. The year-over-year growth in operating income came from mix-driven improvement in gross margins and prudent management of SG&A expenses.

First quarter 2021 net loss declined $21.2 million, to $0.5 million compared to a net loss of $21.7 million for the first quarter of 2020. The year-over-year growth in net income was primarily driven by higher operating income, a fair value adjustment to warrant liability, and lower interest expense, partially offset by a higher provision for income taxes.

First quarter 2021 Adjusted EBITDA grew $5.1 million, or 4.8%, to $111.4 million compared to $106.4 million for the first quarter of 2020. The year-over-year growth in Adjusted EBITDA was primarily driven by continued strength in the sales segment, continued recovery of in-store sampling programs in the marketing segment, disciplined expense management and sustained growth in e-commerce and digital agency services.

Balance Sheet Highlights

As of March 31, 2021, the Company's cash and cash equivalents balance was $156.4 million, total debt was $2,099.7 million and Net Debt was $1,943.3 million. The post-combination debt capitalization consists primarily of a $400 million revolving credit facility, under which no balance was outstanding at the end of the quarter ended March 31, 2021, a $1,325 million first lien term loan facility, and $775 million of senior secured notes.

COVID-19 Update

Advantage continues to monitor the impact of the COVID-19 pandemic on its business and remains focused on: ensuring its ability to safeguard the health of its employees, maintaining high service levels for brand and retailer clients so that essential products are available to consumers in-store and online, and preserving financial liquidity to mitigate the uncertainty caused by the pandemic.

The COVID-19 pandemic continues to benefit the Company's sales segment.

The Company's headquarter sales and retail merchandising services in traditional and e-commerce channels have generally continued to experience an uplift in the first quarter of 2021, driven by increased at-home consumption. This offsets softness in the Company's foodservice and international joint venture operations. The Company's foodservice operations continue to be negatively impacted by lower away-from-home demand resulting from the impact of the COVID-19 pandemic on various channels, including restaurants, education and travel and lodging. The Company's international joint venture continues to be negatively impacted by activity restrictions implemented in the European geographies in which it operates.

The COVID-19 pandemic continues to be a material temporary headwind in the marketing segment.

The Company's in-store sampling business, the largest division in the marketing segment, continues to be negatively impacted by activity restrictions implemented in partnership with retailer clients in order to protect the health and safety of associates and consumers during the pandemic. In-store sampling event activity resumed in a safe and limited manner in the third quarter of 2020 and has continued its measured recovery towards pre-COVID levels throughout the first quarter of 2021. Event counts have climbed from a low of approximately 23,000 last April to 133,000 this February and 176,000 this March.

The Company expects the COVID-19 pandemic will continue to impact its various businesses through at least the first half of 2021. This is based on the belief that a certain degree of restrictions on mobility and activities are likely to remain in place until such time as vaccines can be broadly distributed and administered.

Warrant Accounting

As previously disclosed, based upon April 12, 2021 SEC guidance regarding the technical accounting for warrants issued by SPACs, Advantage Solutions will be revising its 2020 financial statements. The revisions are expected to result in non-cash, non-operating financial statement adjustments and have no impact on our current or previously reported revenue, cash position, operating expenses or total operating, investing or financing cash flows. Additionally, there is no anticipated impact on our non-GAAP operating metrics, including Adjusted EBITDA, Adjusted Net Income and Net Debt.

FY 2021 Outlook

Despite COVID-19 uncertainty, the Company is highly confident in delivering 2021 Adjusted EBITDA in the range of $515 to $525 million. Forecasted Adjusted EBITDA assumes that strength in the sales segment from elevated at-home demand for consumer goods normalizes through 2021 and weakness in the marketing segment from COVID-related headwinds eases into the second half.

Conference Call Details

Advantage will host a conference call at 5:00 p.m. ET on May 10 to discuss the first quarter 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 13719007. 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 13719007.

About Advantage Solutions

Advantage Solutions is a leading business solutions provider committed to driving growth for consumer goods manufacturers and retailers through winning insights and execution. Advantage's data and technology-enabled omnichannel solutions — including sales, retail merchandising, business intelligence, digital commerce and a full suite of marketing services — help brands and retailers across a broad range of channels drive consumer demand, increase sales and achieve operating efficiencies. Headquartered in Irvine, California, Advantage has offices throughout North America and strategic investments in select markets throughout Africa, Asia, Australia and Europe through which it services 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.

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; changes to labor laws or wage or job classification regulations, including minimum wage, or other market-driven wage changes; 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 effectively remediate material weaknesses and maintain proper and effective internal controls 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 filed by the Company with the Securities and Exchange Commission (the "SEC") on March 16, 2021 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 EBITDA for economic interests in investments, Adjusted EBITDA, Adjusted Net income and Net Debt. These are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the 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, Adjusted Net Income and Net Debt provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing the 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 Net Income means net (loss) income before (i) impairment of goodwill and indefinite-lived assets, (ii) amortization of intangible assets, (iii) equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee, (iv) change in fair value of warrant liability, (v) fair value adjustments of contingent consideration related to acquisitions, (vi) acquisition-related expenses, (vii) costs associated with COVID-19, net of benefits received, (viii) EBITDA for economic interests in investments, (ix) restructuring expenses, (x) litigation expenses, (xi) (Recovery from) loss on Take 5, (xii) costs associated with the Take 5 Matter, (xiii) other adjustments that management believes are helpful in evaluating our operating performance, and (xiv) related tax adjustments.

Adjusted EBITDA means net income (loss) 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) equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee, (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, (xv) (Recovery from) loss on Take 5, (xvi) costs associated with the Take 5 Matter and (xvii) 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.

This press release also includes certain estimates and projections of Adjusted EBITDA, including with respect to expected 2021 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.

Reconciliation of GAAP to Non-GAAP Historical Financial Measures

Results of Operations for the Three Months Ended March 31, 2021 and 2020

	Three Months Ended March 31,			
(amounts in thousands)	**2021**		**2020**	
Revenues	$ 791,021	100.0%	$ 879,396	100.0%
Cost of revenues	653,339	82.6%	746,693	84.9%
Selling, general, and administrative expenses	40,481	5.1%	41,056	4.7%
Depreciation and amortization	59,613	7.5%	60,209	6.8%
Total expenses	753,433	95.2%	847,958	96.4%
Operating income	37,588	4.8%	31,438	3.6%
Other expenses:				
Change in fair value of warrant liability	5,526	0.7%	—	0.0%
Interest expense, net	30,865	3.9%	51,794	5.9%
Total other expenses	36,391	4.6%	51,794	5.9%
Loss before income taxes	1,197	0.2%	(20,356)	(2.3)%
Provision for income taxes	1,743	0.2%	1,367	0.2%
Net loss	$ (546)	(0.1)%	$ (21,723)	(2.5)%
Other Financial Data				
Adjusted Net Income(1)	$ 46,264	5.8%	$ 26,849	3.1%
Adjusted EBITDA(1)	$ 111,428	14.1%	$ 106,351	12.1%

(1) 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 most directly comparable measure presented on a GAAP basis.

We present Adjusted EBITDA because it is a key operating measure used by us to assess our financial performance. This measure adjusts 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 this measure in conjunction with our results according to GAAP because we believe it provides 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. Adjusted EBITDA should not be considered as an alternative for our most directly comparable measure presented on a GAAP basis.

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

	Three Months Ended March 31,	
	2021	2020
(in thousands)		
Net loss	$ (546)	$ (21,723)
Less: Net loss attributable to noncontrolling interest	(430)	(15)
Add:		
Equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee [a]	(2,814)	3,837
Change in fair value of warrant liability	5,526	—
Fair value adjustments related to contingent consideration related to acquisitions[c]	(1,043)	4,095
Acquisition-related expenses[d]	5,146	5,529
Restructuring expenses[e]	4,096	1,098
Litigation expenses[f]	(818)	104
Amortization of intangible assets[g]	49,438	47,846
Costs associated with COVID-19, net of benefits received[g]	1,293	1,000
Costs associated with the Take 5 Matter[h]	901	939
Tax adjustments related to non-GAAP adjustments[i]	(15,345)	(15,891)
Adjusted Net Income	$ 46,264	$ 26,849

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

Consolidated	Three Months Ended March 31,	
	2021	2020
(in thousands)		
Net loss	$ (546)	$ (21,723)
Add:		
Interest expense, net	30,865	51,794
Provision for income taxes	1,743	1,367
Depreciation and amortization	59,613	60,209
Equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee [a]	(2,814)	3,837
Change in fair value of warrant liability	5,526	—
Stock based compensation expense[b]	8,655	—
Fair value adjustments related to contingent consideration related to acquisitions[c]	(1,043)	4,095
Acquisition-related expenses[d]	5,146	5,529
EBITDA for economic interests in investments[j]	(1,189)	(1,898)
Restructuring expenses[e]	4,096	1,098
Litigation expenses[f]	(818)	104
Costs associated with COVID-19, net of benefits received[g]	1,293	1,000
Costs associated with the Take 5 Matter[h]	901	939
Adjusted EBITDA	$ 111,428	$ 106,351

(a) Represents the management fees and reimbursements for expenses paid to certain of Advantage's private equity sponsors (or certain of the management companies associated with it or its advisors) pursuant to a management services agreement in the three months ended March 31, 2021 and 2020. Also 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's private equity sponsors, (ii) equity-based compensation expense associated with the Common Series C Units of Topco as a result of the Transactions, (iii) compensation amounts associated with the Company's Management Incentive Plan originally scheduled for potential payment March 2022, and (iv) compensation amounts associated with the anniversary payments to Tanya Domier.

(b) 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.

(c) 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.

(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, public company readiness 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 $0.9 million and $0.9 million of costs associated with investigation and remediation activities related to the Take 5 Matter, primarily, professional fees and other related costs, for the three months ended March 31, 2021 and 2020, respectively.

(i) 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.

(j) 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.

A reconciliation of total debt to Net Debt is provided in the following table:

(in millions)		**March 31, 2021**
Current portion of long-term debt	$	13.3
Long-term debt, net of current portion		2,028.1
Total Debt		2,041.4
Less:		
Debt issuance costs		(58.3)
Cash and cash equivalents		156.4
Total Net Debt [a]	$	**1,943.3**

(a) We present Net Debt because we believe it 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:

Dan Riff
Chief Investor Relations & Strategy Officer
Advantage Solutions
Daniel.riff@advantagesolutions.net

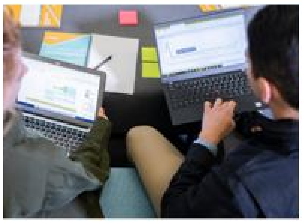
Dan Morrison
Senior Vice President, Finance & Operations
Advantage Solutions

Kevin Doherty
Solebury Trout
Managing Director
Investorrelations@advantagesolutions.net

ADVANTAGE SOLUTIONS, INC.

Q1 2021 Earnings Presentation

May 10, 2021





ADVANTAGE SOLUTIONS

DISCLAIMER

Forward Looking Statements

Certain statements in this presentation or accompanying commentary may be considered forward-looking statements with the meaning of federal securities laws. Forward-looking statements generally relate to future events or Advantage's future financial or operating performance, In some cases, you can identify forward-looking statements by terminology such as "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 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; changes to labor laws or wage or job classification regulations, including minimum wage, or other market-driven wage changes; 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 effectively remediate material weaknesses and maintain proper and effective internal controls 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 filed by Advantage with the Securities and Exchange Commission (the "SEC") on March 16, 2021 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 Measure and Related Information

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP") including Adjusted EBITDA and Adjusted Net Income. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these 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 the Company's presentation of these measures may not be comparable to similarly-titled measures used by other companies.

The Company believes these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and results of operations. The Company believes that the use of Adjusted EBITDA and Adjusted Net Income provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing the Company's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These 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.

Adjusted EBITDA means net income (loss) 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) equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee, (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, (xv) (Recovery from) loss on Take 5, (xvi) costs associated with the Take 5 Matter and (xvii) other adjustments that management believes are helpful in evaluating our operating performance.

Adjusted Net Income is a non-GAAP financial measure. Adjusted Net Income means net loss before (i) impairment of goodwill and indefinite-lived assets, (ii) amortization of intangible assets, (iii) equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee, (iv) change in fair value of warrant liability, (v) fair value adjustments of contingent consideration related to acquisitions, (vi) acquisition-related expenses, (vii) costs associated with COVID-19, net of benefits received, (viii) EBITDA for economic interests in investments, (ix) restructuring expenses, (x) litigation expenses, (xi) (Recovery from) loss on Take 5, (xii) deferred financing fees, (xiii) costs associated with the Take 5 Matter, (xiv) other adjustments that management believes are helpful in evaluating our operating performance, and (xv) related tax adjustments.

The Company has presented the financial data for the last twelve-month ("LTM") period ended March 31, 2021 by adding the unaudited results of operations for the three-month period ended March 31, 2021 to its audited results of operations for the year ended December 31, 2020 and then subtracting the unaudited results of operations for the three- month period ended March 31, 2020. The financial data for the LTM period ended March 31, 2021 does not comply with GAAP.

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.

KEY MESSAGES

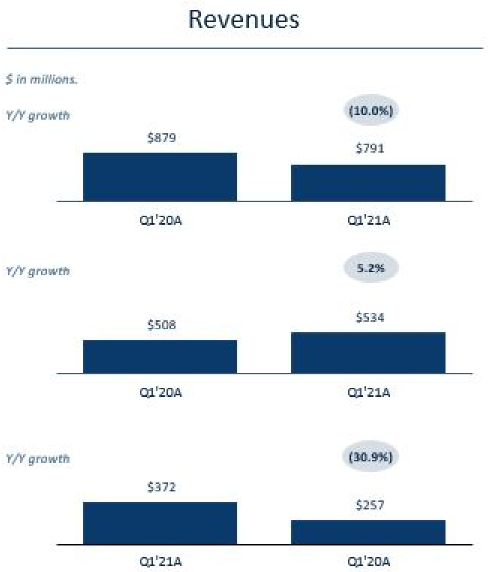
- Delivered results ahead of expectations for the third quarter in a row
- Highly confident in full year Adjusted EBITDA outlook of $515-525 million, despite COVID uncertainty
- Seeing steady recovery in businesses most impacted by COVID, with sampling and demonstration events up 30% m/m from February to March
- Seeing continued strength in at-home consumer goods demand – volume and price
- Excited about acquisition and new business pipelines coming out of the pandemic
- Reinvesting through the P&L to stand up businesses shuttered by COVID – and fuel organic growth
- Working rapidly to resolve technical accounting for warrants

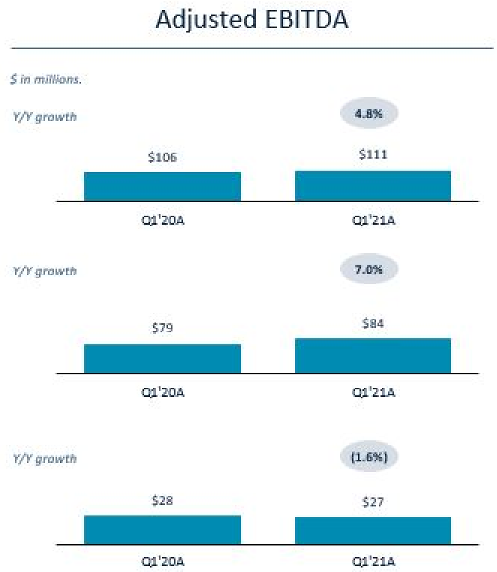
IMPROVING TRENDS IN Q1 RESULTS

Total Advantage

Sales Segment

Marketing Segment





Note: Please see the appendix for a reconciliation of non-GAAP financial measures to most directly comparable GAAP measures.

IMPROVING TRENDS IN Q1 RESULTS

- Signs of recovery in Marketing segment
  - In-store sampling continues to ramp on back of accelerated vaccine roll out to 176K in March
  - Digital agency business strong as COVID accelerated digital investment
- Continued strength in Sales segment
  - Strong center-store / at-home trends remain in place
  - Food service channel beginning recovery
  - European Joint Venture still soft, but improving
  - E-commerce (on-line, click-and-collect) business gains continue
- Continue to manage costs across the entire business with discipline

PILLARS OF OUR STRATEGY FOR VALUE CREATION

- Operate with excellence by serving existing clients well and delivering productivity through continuous improvement
- Invest wisely in talent, technology and capability to support clients' evolving needs through attractive opportunities for
  - Organic reinvestment
  - Disciplined tuck-in acquisitions
- Nurture 'evolutionary' culture so that we remain flexible as we build the business to be
  - The partner of choice for brands and retailers as their needs change
  - Opportunistic when circumstances present us with pitches in our sweet-spot

FINANCIAL PERFORMANCE





FINANCIAL SUMMARY

($ in millions.)	Q2 2020A	Q2 2019A	Q2 %	Q3 2020A	Q3 2019A	Q3 %	Q4 2020A	Q4 2019A	Q4 %	Q1 2021A	Q1 2020A	Q1 %
Total Advantage												
Revenues	$642	$922	(30%)	$784	$982	(20%)	$850	$1,013	(16%)	$791	$879	(10%)
Adjusted EBITDA	112	119	(6%)	136	145	(6%)	133	144	(8%)	111	106	5%
% margin	*17.5%*	*12.9%*		*17.4%*	*14.8%*		*15.6%*	*14.2%*		*14.1%*	*12.1%*	
Sales Segment												
Revenues	$460	$475	(3%)	$542	$503	8%	$550	$520	6%	$534	$508	5%
Adjusted EBITDA	90	73	23%	102	86	18%	90	87	2%	84	79	7%
% margin	*19.6%*	*15.5%*		*18.8%*	*17.1%*		*16.3%*	*16.8%*		*15.7%*	*15.5%*	
Marketing Segment												
Revenues	$181	$447	(59%)	$242	$478	(49%)	$300	$493	(39%)	$257	$372	(31%)
Adjusted EBITDA	22	45	(52%)	34	59	(42%)	43	57	(24%)	27	28	(2%)
% margin	*12.1%*	*10.2%*		*14.2%*	*12.3%*		*14.3%*	*11.5%*		*10.7%*	*7.5%*	

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

- Q1 2021 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 five+ years
- Q1 2021 Debt Capitalization:

	Maturity	Rate	Outstanding
Asset-backed Revolver ($400M)	2025	L+2.25%(2)	--
First Lien Term Loan	2027	L+5.25%(3)	1,322
Senior Secured Notes	2028	6.50%	775
Total Funded Debt			**$2,097**

- Equity capitalization @ March 31, 2021:
  - 318,449,966 Class A Common shares outstanding(5)
  - 18,583,333 Warrants @ $11.50 exercise
  - 2,569,782 Performance Restricted Stock Units ("PSUs")(6)
  - 1,721,277 Restricted Stock Units ("RSUs")
  - 261,324 Options

(1) Includes Other Debt of approximately $3M
(2) Asset-backed Revolver rate subject to 0.50% LIBOR floor. See ABL Revolving Credit Agreement, dated October 28, 2020 for additional information.
(3) First Lien Term Loan rate subject to 0.75% LIBOR floor. See First Lien Credit Agreement, dated October 28, 2020 for additional information.
(4) First Lien Term Loan amortizes at 1% per annum, paid quarterly. Illustratively showing full $1,325 million obligation in 2027E maturity.
(5) Includes 5 million performance shares issued as part of the Conyers Park II business combination which vested after satisfying a market performance test.
(6) Represents the number of underlying shares that would be issued at Target performance levels.

OUTLOOK

Highly confident in FY 2021 Outlook:

- FY 2021 Adjusted EBITDA of $515-525 million
- Q2 headwinds from Marketing segment reinvestment and Sales segment pantry loading comp
- COVID recovery back-half weighted
- Net Debt / Adjusted EBITDA trending downwards in 2021, toward 3.0x by end of 2022
- Planning to invest in promising medium-term opportunities through the P&L in FY 2021

THANK YOU




NON-GAAP RECONCILIATION FOR ADJUSTED EBITDA *(1/3)*

(in thousands)	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
Net loss	$	(546)	$	(21,723)
Add:				
Interest expense, net		30,865		51,794
Provision for income taxes		1,743		1,367
Depreciation and amortization		59,613		60,209
Equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee[1]		(2,814)		3,837
Change in fair value of warrant liability		5,526		—
Stock based compensation expense[2]		8,655		—
Fair value adjustments related to contingent consideration related to acquisitions[3]		(1,043)		4,095
Acquisition-related expenses[4]		5,146		5,529
EBITDA for economic interests in investments[6]		(1,189)		(1,898)
Restructuring expenses[7]		4,096		1,098
Litigation expenses[8]		(818)		104
Costs associated with COVID-19, net of benefits received[5]		1,293		1,000
Costs associated with the Take 5 Matter[9]		901		939
Adjusted EBITDA	$	111,428	$	106,351

Sales Segment	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
Sales Segment Revenues	$	534,324	$	507,798
Operating income	$	35,148	$	24,194
Add:				
Depreciation and amortization		42,564		43,107
Equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee[1]		(1,838)		3,199
Stock based compensation expense[2]		4,694		—
Fair value adjustments related to contingent consideration related to acquisitions[3]		778		4,312
Acquisition-related expenses[4]		3,320		4,156
EBITDA for economic interests in investments[6]		(1,487)		(2,071)
Restructuring expenses[7]		780		752
Litigation expenses[8]		(516)		104
Costs associated with COVID-19, net of benefits received[5]		633		810
Sales Segment Adjusted EBITDA	$	84,076	$	78,563

Marketing Segment	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
Marketing Segment Revenues	$	256,697	$	371,598
Operating (loss) income	$	2,440	$	7,244
Add:				
Depreciation and amortization		17,049		17,102
Equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee[1]		(976)		638
Stock based compensation expense[2]		3,961		—
Fair value adjustments related to contingent consideration related to acquisitions[3]		(1,821)		(217)
Acquisition-related expenses[4]		1,826		1,373
EBITDA for economic interests in investments[6]		298		173
Restructuring expenses[7]		3,316		346
Litigation expenses[8]		(302)		—
Costs associated with COVID-19, net of benefits received[5]		660		190
Costs associated with the Take 5 Matter[9]		901		939
Marketing Segment Adjusted EBITDA	$	27,352	$	27,788

NON-GAAP RECONCILIATION FOR HISTORICAL PERIODS *(2/3)*

	Three Months Ended March 31,			
	2021		2020	
Net loss	$	(546)	$	(21,723)
Less: Net loss attributable to noncontrolling interest		(430)		(15)
Add:				
Equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee[1]		(2,814)		3,837
Change in fair value of warrant liability		5,526		—
Fair value adjustments related to contingent consideration related to acquisitions[3]		(1,043)		4,095
Acquisition-related expenses[4]		5,146		5,529
Restructuring expenses[7]		4,096		1,098
Litigation expenses[8]		(818)		104
Amortization of intangible assets		49,438		47,846
Costs associated with COVID-19, net of benefits received[5]		1,293		1,000
Costs associated with the Take 5 Matter[9]		901		939
Tax adjustments related to non-GAAP adjustments[10]		(15,345)		(15,891)
Adjusted Net Income	$	46,264	$	26,849

(in millions)	March 31, 2021	
Current portion of long-term debt	$	13.3
Long-term debt, net of current portion		2,028.1
Total Debt		2,041.4
Less:		
Debt issuance costs		(58.3)
Cash and cash equivalents		156.4
Total Net Debt [11]	$	**1,943.3**

NON-GAAP RECONCILIATION FOR HISTORICAL PERIODS *(3/3)*

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

(1) Equity based compensation of Karman Topco L.P. and Advantage's private equity sponsors' management fee.

(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.

(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 (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.

(6) 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.

(7) One-time restructuring activities costs associated with non-recurring reorganization projects.

(8) Represents legal settlements that are unusual or infrequent costs associated with our operating activities.

(9) Represents costs associated with investigation and remediation activities related to the Take 5 Matter, primarily, professional fees and other related costs.

(10) 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.

(11) 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.