# 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): February 29, 2024**

# 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) | (IRS Employer Identification No.) |

**15310 Barranca Parkway, Suite 100**
**Irvine, California** — **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))

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

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

Indicate by check mark whether the registrant 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 February 29, 2024, Advantage Solutions Inc. (the "Company") issued a press release announcing its financial results for the year ended December 31, 2023. 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 February 29, 2024, at 8:30 a.m. ET, the Company will host a conference call announcing its financial results for the year ended December 31, 2023. 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.

The information in this Item 2.02, including Exhibits 99.1 and 99.2 furnished under Item 9.01, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section. Furthermore, the information in this Item 2.02, including Exhibit 99.1 and 99.2 furnished under Item 9.01, shall not be deemed incorporated by reference into the filings of the Company under the Securities Act of 1933 or the Exchange Act.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release issued by Advantage Solutions Inc., dated February 29, 2024 regarding results for the year ended December 31, 2023. |
| 99.2 | Management's Earnings Presentation for Advantage Solutions Inc., dated February 29, 2024. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

## SIGNATURES

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 thereunto duly authorized.

| | | | |
|---|---|---|---|
| Date: | February 29, 2024 | | ADVANTAGE SOLUTIONS INC. |
| | | By: | /s/ Christopher Growe |
| | | | Christopher Growe |
| | | | Chief Financial Officer |

**Advantage Solutions exceeded 2023 financial guidance with solid fourth-quarter performance and expects continued growth in 2024**

- 2023 consolidated revenues were $4.2 billion, a year-over-year increase of 4.3%, and operating income was $76.2 million. Excluding foreign exchange, acquisitions and divestitures, revenues increased 6.8%, and Adjusted EBITDA declined 1.7% to $424.3 million but finished ahead of previous guidance.
- Solid performance in the fourth quarter resulted in operating income of $46.2 million and a 2% year-over-year increase in Adjusted EBITDA, which increased by 4.4% excluding foreign exchange, acquisitions and divestitures. Margin increased 40 basis points to 10.6%.
- Management continued to execute its transformation plan, including the deconsolidation of its European joint venture, the divestiture of its foodservice businesses, and collaborations with Genpact and TCS to outsource certain administrative functions.
- Disciplined capital allocation with debt and share repurchases of $168.2 million and $6.4 million, respectively in 2023.
- Management announced 2024 guidance with expectations for low single-digit growth in consolidated revenues and Adjusted EBITDA.

**IRVINE, Calif., February 29, 2024** – Advantage Solutions Inc. (NASDAQ: ADV) ("Advantage," "Advantage Solutions," the "company," "we" or "our"), a leading provider of sales and marketing services to consumer goods manufacturers and retailers, today reported financial results for its fourth quarter and fiscal full year ended December 31, 2023. The results continue to reflect a trendline of improving financial performance and progress executing its transformation strategy.

"Our ongoing efforts to strengthen our culture, simplify our operations, improve our financial discipline and enhance our processes as a unified company resulted in a solid fourth-quarter performance," said Advantage Solutions CEO Dave Peacock. "I am incredibly proud of our team's success as we delivered full-year revenue growth and Adjusted EBITDA results ahead of expectations. We are committed to continuing to evolve our position in the marketplace and deliver long-term, profitable growth by enhancing our service level with clients and customers."

The company also continues to evaluate its service offerings, consistent with its stated strategy, to ensure more focus on its mission of converting shoppers into buyers for consumer goods companies and retailers. To that end, Advantage Solutions completed additional actions to advance its transformation. Those include:

- Divesture of foodservice businesses: The company divested its foodservice businesses, most notably Waypoint, to Prospect Hill Growth Partners LP on Jan. 31, 2024. As part of the sale, the foodservice businesses were combined with KeyImpact Sales & Systems Inc. to form Acxion Foodservice. The resulting firm creates an innovative go-to-market model to offer clients next-generation services powered by analytics. Advantage received total proceeds of approximately $100 million in mostly cash and an ongoing 7.5% stake in the combined entity.

- Deconsolidation of the European joint venture: Advantage Solutions reduced its stake in Advantage Smollan Limited, a joint venture with the Smollan Group in Europe, from a majority stake under 60% to a minority position of 49.6% in exchange for cash and other considerations. The transaction restructures the European operation by reducing back-office complexities and expenses and simplifies the company's overall financial reporting.

- Administrative and technology agreements: Advantage Solutions entered into an agreement with Genpact to build an innovative, proprietary digital solution designed to streamline and automate processes behind Advantage BPO and administrative services. Additionally, the company announced a collaboration with Tata Consultancy Services to provide certain IT services.

“We believe the path to unlock Advantage Solutions’ potential lies in our core capabilities,” Peacock said. “The actions we have taken to date and potential future actions under consideration are designed to make us more nimble, insights-driven, and efficient to provide unmatched service to our clients and customers.”

In 2023, the company reduced the face value of its debt by $168.2 million in voluntary open-market repurchases of its term loan and senior secured notes while executing $6.4 million in share repurchases. Advantage’s capital allocation philosophy focuses on maximizing returns for equity holders, including deleveraging its balance sheet and investing behind core business offerings to fuel future growth.

“We believe having a healthy balance sheet and a sound infrastructure are crucial to providing clients and customers with best-in-class service,” Peacock said. “Advantage is committed to quickly implementing the right plans to generate more cash to invest in the business and position the company for long-term success.”

**Fiscal Year 2023 Highlights Compared to 2022**

**Revenues**

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2023 | 2022 | $ | % |
| **(in thousands)** | | | | |
| Sales | $ 2,445,015 | $ 2,507,017 | $ (62,002) | (2.5%) |
| Marketing | 1,779,831 | 1,542,725 | 237,106 | 15.4% |
| Total Revenues | $ 4,224,846 | $ 4,049,742 | $ 175,104 | 4.3% |

**Adjusted EBITDA and Adjusted EBITDA by Segment**

| | Year Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2023 | 2022 | $ | % |
| **(in thousands)** | | | | |
| Sales | $ 265,255 | $ 294,234 | $ (28,979) | (9.8%) |
| Marketing | 159,092 | 141,761 | 17,331 | 12.2% |
| Total Adjusted EBITDA | $ 424,347 | $ 435,995 | $ (11,648) | (2.7%) |

Consolidated revenues grew 4.3% to $4.2 billion and increased 6.8% excluding the impact of foreign exchange and divestitures (including the deconsolidation of the European joint venture). Revenue growth in the marketing segment was driven primarily by the continued recovery of in-store sampling and demonstration services and pricing realization. The decline in the sales segment was driven by completed divestitures and an intentional client exit in late 2022, partially offset by price and volume realization.

Operating income was $76.2 million, an increase of $1.5 billion due to a non-cash goodwill impairment and intangible asset impairment charge in the fourth quarter of 2022. Inflationary cost pressures related to wage and incentive compensation and internal reorganization activities negatively impacted operating income in 2023 but were largely in line with expectations. The Company recorded a non-cash intangible asset impairment expense and a non-cash gain on the deconsolidation of subsidiaries related to the European deconsolidation in the fourth quarter of 2023.

Adjusted EBITDA declined 2.7% to $424.3 million. Price increases and increased in-store sampling and demonstration activity drove improved performance in the marketing segment. This was offset by a decline in revenues in the sales segment, inflationary cost pressure, incentive compensation, and higher technology expenses.

Net loss was $60.3 million compared with net loss of $1.4 billion in 2022 due to the one-time impairment charges. Net loss in the current period was also impacted by an unfavorable interest expense due to higher interest rates, partially offset by lower debt balances.

**Fourth Quarter 2023 Highlights Compared to Fourth Quarter 2022**

**Revenues**

| | Three Months Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2023 | 2022 | $ | % |
| (in thousands) | (unaudited) | (unaudited) | | |
| Sales | $ 603,297 | $ 664,670 | $ (61,373) | (9.2%) |
| Marketing | 476,452 | 438,093 | 38,359 | 8.8% |
| Total Revenues | $ 1,079,749 | $ 1,102,763 | $ (23,014) | (2.1%) |

**Adjusted EBITDA and Adjusted EBITDA by Segment**

| | Three Months Ended December 31, | | Change | |
|---|---|---|---|---|
| | 2023 | 2022 | $ | % |
| (in thousands) | (unaudited) | (unaudited) | | |
| Sales | $ 68,811 | $ 78,076 | $ (9,265) | (11.9%) |
| Marketing | 46,105 | 34,590 | 11,515 | 33.3% |
| Total Adjusted EBITDA | $ 114,916 | $ 112,666 | $ 2,250 | 2.0% |

Consolidated revenues declined 2.1% to $1.1 billion and increased 3.4%, excluding the impact of foreign exchange, acquisitions and divestitures. The drivers of top-line performance were similar to what drove the full-year results.

Operating income in the quarter was $46.2 million, an increase of $1.6 billion due to a non-cash goodwill impairment and intangible asset impairment charge in the prior year period. Price actions in the quarter helped to mostly offset inflationary cost pressures related to wages and benefits. Additional costs related to various internal reorganization activities were recognized in the quarter. The Company recorded a non-cash intangible asset impairment charge and a gain on deconsolidation of subsidiaries related to the European deconsolidation in the current period.

The continuing trend for improved performance led to an Adjusted EBITDA of $114.9 million, which resulted in modest year-over-year growth and margin expansion.

Net income was $17.8 million compared with a net loss of $1.4 billion in the prior year, which was impacted by the one-time impairment charges. Net income in the current period was consistent with expectations for operating performance and the net effects of the current interest rate environment and reduction in debt balances.

**Balance Sheet Highlights**

As of December 31, 2023, the company's cash and cash equivalents were $126.5 million, including the reduction in cash from the deconsolidation of the European joint venture and the use of cash for debt and share repurchases in the fourth quarter. Total Debt was $1,897.5 million, and Net Debt was $1,771.0 million. The debt capitalization consists primarily of the $1,149.1 million First Lien Term Loan and $743.0 million of senior secured notes.

During the quarter, Advantage voluntarily repurchased approximately $25.0 million of its First Lien Term Loan and approximately $32.0 million of its senior secured notes at attractive discounts, resulting in a net leverage ratio of approximately 4.2x Adjusted EBITDA as of December 31, 2023, compared to 4.5x at the end of 2022. Approximately 89% of the company's debt is hedged or at a fixed interest rate.

**Fiscal Year 2024 Outlook**

In light of growing business momentum and improving market dynamics, management expects 2024 revenue and Adjusted EBITDA growth in the range of low single digits, excluding the in-year impact of the completed divestitures on the 2023 results. The company plans to execute additional simplification objectives in 2024, including activities related to improving operating efficiencies and investments behind the business from a talent and technology perspective. As a result, capital expenditures are expected to be $90 million to $110 million with a tapering in the spending planned for 2025 and a return to historical spending levels in 2026. The company also establishes a long-term net leverage target below 3.5x LTM Adjusted EBITDA. Additional guidance metrics can be found in the company's supplemental earnings presentation.

**Conference Call Details**

Advantage will host a conference call at 8:30 am ET on February 29, 2024 to discuss its fourth quarter and full year 2023 financial performance and business outlook. To participate, please dial 877-407-4018 within the United States or +1-201-689-8471 outside the United States approximately 10 minutes before the scheduled start of the call. The conference ID for the call is 13742873. 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 on the investor section of the Advantage website. 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 +1-412-317-6671 outside the United States. The replay ID is 13742873.

**About Advantage Solutions**

Advantage Solutions is a leading provider of outsourced sales and marketing solutions uniquely positioned at the intersection of brands 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. Advantage has offices throughout North America and strategic investments in select markets throughout Africa, Asia, Australia, Latin America and Europe through which the company serves the global needs of multinational, regional and local manufacturers. For more information, please visit advantagesolutions.net.

Included with this press release are the company's consolidated and condensed financial statements as of and for the three and twelve months ended December 31, 2023. These financial statements should be read in conjunction with the information contained in the company's Annual Report on Form 10-K, to be filed with the Securities and Exchange Commission on or about March 1, 2024.

**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", "confident", "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, market-driven wage changes or changes to labor laws or wage or job classification regulations, including minimum wage; the COVID-19 pandemic and other future potential pandemics or health epidemics; 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 to be filed by the company with the Securities and Exchange Commission (the "SEC") on or about March 1, 2024, 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, Adjusted EBITDA by Segment 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, Adjusted EBITDA by Segment 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 and Adjusted EBITDA by Segment mean net (loss) income 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) gain on deconsolidation of subsidiaries, (vii) loss on divestitures, (viii) equity-based compensation of Karman Topco L.P., (ix) changes in fair value of warrant liability, (x) stock based compensation expense, (xi) fair value adjustments of contingent consideration related to acquisitions, (xii) acquisition and divestiture related expenses, (xiii) costs associated with COVID-19, net of benefits received, (xiv) EBITDA for economic interests in investments, (xv) reorganization expenses, (xvi) litigation expenses, (xvii) recovery from and costs associated with the Take 5 Matter and (xviii) 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. 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.

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 2024 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.**
**Consolidated Balance Sheets**

| (in thousands, except share data) | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 126,479 | $ 120,715 |
| Restricted cash | 16,363 | 17,817 |
| Accounts receivable, net of allowance for expected credit losses of $34,807 and $22,752, respectively | 703,252 | 869,000 |
| Prepaid expenses and other current assets | 165,940 | 149,476 |
| Total current assets | 1,012,034 | 1,157,008 |
| Property and equipment, net | 73,910 | 70,898 |
| Goodwill | 855,391 | 887,949 |
| Other intangible assets, net | 1,580,134 | 1,897,503 |
| Investments in unconsolidated affiliates | 211,393 | 129,491 |
| Other assets | 46,461 | 119,522 |
| Total assets | $ 3,779,323 | $ 4,262,371 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities | | |
| Current portion of long-term debt | $ 13,580 | $ 13,991 |
| Accounts payable | 181,076 | 261,464 |
| Accrued compensation and benefits | 165,701 | 154,744 |
| Other accrued expenses | 153,015 | 133,173 |
| Deferred revenues | 27,925 | 37,329 |
| Total current liabilities | 541,297 | 600,701 |
| Long-term debt, net of current portion | 1,852,784 | 2,022,819 |
| Deferred income tax liabilities | 204,251 | 297,874 |
| Warrant liability | 667 | 953 |
| Other long-term liabilities | 76,247 | 110,554 |
| Total liabilities | 2,675,246 | 3,032,901 |
| Redeemable noncontrolling interest | — | 3,746 |
| Equity attributable to stockholders of Advantage Solutions Inc. | | |
| Preferred stock, no par value, 10,000,000 shares authorized; none issued and outstanding as of December 31, 2023 and 2022, respectively | — | — |
| Common stock, $0.0001 par value, 3,290,000,000 shares authorized; 322,235,261 and 319,690,300 shares issued and outstanding as of December 31, 2023 and 2022, respectively | 32 | 32 |
| Additional paid in capital | 3,449,261 | 3,408,836 |
| Accumulated deficit | (2,314,650) | (2,247,109) |
| Loans to Karman Topco L.P. | (6,387) | (6,363) |
| Accumulated other comprehensive loss | (3,945) | (18,849) |
| Treasury stock, at cost; 3,600,075 and 1,610,014 shares as of December 31, 2023 and 2022, respectively | (18,949) | (12,567) |
| Total equity attributable to stockholders of Advantage Solutions Inc. | 1,105,362 | 1,123,980 |
| Nonredeemable noncontrolling interest | (1,285) | 101,744 |
| Total stockholders' equity | 1,104,077 | 1,225,724 |
| Total liabilities, redeemable noncontrolling interest, and stockholders' equity | $ 3,779,323 | $ 4,262,371 |

**Advantage Solutions Inc.**
**Consolidated Statements of Operations and Comprehensive (Loss) Income**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **(in thousands, except share and per share data)** | **(unaudited)** | **(unaudited)** | | |
| Revenues | $ 1,079,749 | $ 1,102,763 | $ 4,224,846 | $ 4,049,742 |
| Cost of revenues | 915,985 | 956,927 | 3,660,464 | 3,493,183 |
| Selling, general, and administrative expenses | 80,854 | 51,863 | 265,091 | 187,504 |
| Impairment of goodwill and indefinite-lived assets | 43,500 | 1,572,523 | 43,500 | 1,572,523 |
| Depreciation and amortization | 54,390 | 59,078 | 224,697 | 233,075 |
| Gain on deconsolidation of subsidiaries | (58,891) | — | (58,891) | — |
| (Gain) loss on divestitures | (1,140) | (90) | 19,068 | 2,863 |
| Income from unconsolidated investments | (1,141) | — | (5,273) | — |
| Total expenses | 1,033,557 | 2,640,301 | 4,148,656 | 5,489,148 |
| Operating income (loss) | 46,192 | (1,537,538) | 76,190 | (1,439,406) |
| Other (income) expenses: | | | | |
| Change in fair value of warrant liability | (873) | 220 | (286) | (21,236) |
| Interest expense, net | 45,850 | 40,831 | 165,802 | 104,459 |
| Total other expenses | 44,977 | 41,051 | 165,516 | 83,223 |
| Income (loss) before income taxes | 1,215 | (1,578,589) | (89,326) | (1,522,629) |
| (Benefit from) provision for income taxes | (16,573) | (156,860) | (29,008) | (145,337) |
| Net income (loss) | 17,788 | (1,421,729) | (60,318) | (1,377,292) |
| Less: net income attributable to noncontrolling interest | 359 | 2,168 | 2,940 | 3,210 |
| Net income (loss) attributable to stockholders of Advantage Solutions Inc. | 17,429 | (1,423,897) | (63,258) | (1,380,502) |
| Other comprehensive loss, net of tax: | | | | |
| Foreign currency translation adjustments | 6,280 | 11,129 | 5,817 | (14,370) |
| Total comprehensive (loss) income attributable to stockholders of Advantage Solutions Inc. | $ 23,709 | $ (1,412,768) | $ (57,441) | $ (1,394,872) |
| | | | | |
| Basic (loss) earnings per common share | $ 0.05 | $ (4.45) | $ (0.20) | $ (4.33) |
| Diluted (loss) earnings per common share | $ 0.05 | $ (4.45) | $ (0.20) | $ (4.33) |
| | | | | |
| Weighted-average number of common shares: | 324,639,562 | 319,682,507 | 323,677,515 | 318,682,548 |
| Weighted-average number of common shares, assuming dilution | 340,320,151 | 319,682,507 | 323,677,515 | 318,682,548 |

## Advantage Solutions Inc.
## Consolidated Statement of Cash Flows

| (in thousands) | Year Ended December 31, 2023 | 2022 | 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net (loss) income | $ (60,318) | $ (1,377,292) | $ 57,549 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities | | | |
| Noncash interest income | (7,660) | (43,785) | (8,315) |
| Amortization of deferred financing fees | 8,292 | 8,860 | 9,250 |
| Impairment of goodwill and indefinite-lived assets | 43,500 | 1,572,523 | — |
| Extinguishment costs related to repayment and repricing of long-term debt | — | — | 1,569 |
| Depreciation and amortization | 224,697 | 233,075 | 240,041 |
| Change in fair value of warrant liability | (286) | (21,236) | 955 |
| Fair value adjustments related to contingent consideration | 10,362 | 4,774 | 5,763 |
| Deferred income taxes | (80,416) | (190,754) | (10,012) |
| Equity-based compensation of Karman Topco L.P. | (2,524) | (6,934) | (15,030) |
| Stock-based compensation | 42,880 | 39,825 | 39,412 |
| Equity in earnings of unconsolidated affiliates | (5,511) | (10,609) | (10,298) |
| Distribution received from unconsolidated affiliates | 2,100 | 1,826 | 1,465 |
| Loss on disposal of property and equipment | 3,318 | 644 | 7,162 |
| Loss on divestitures | 19,068 | 2,863 | — |
| Gain on deconsolidation of subsidiaries | (58,891) | — | — |
| Gain on repurchases from the Term Loan Facility and Senior Secured Notes debt | (8,665) | — | — |
| Changes in operating assets and liabilities, net of effects from divestitures and purchases of businesses: | | | |
| Accounts receivable, net | 45,601 | (75,688) | (215,501) |
| Prepaid expenses and other assets | 50,626 | (22,738) | (14,000) |
| Accounts payable | (26,175) | (17,635) | 46,000 |
| Accrued compensation and benefits | 26,941 | 16,678 | (2,363) |
| Deferred revenues | 6,974 | (11,551) | (2,694) |
| Other accrued expenses and other liabilities | 5,082 | 18,412 | (4,962) |
| Net cash provided by operating activities | 238,995 | 121,258 | 125,991 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of businesses, net of cash acquired | — | (74,206) | (42,668) |
| Purchase of investment in unconsolidated affiliates | (3,023) | (775) | (2,000) |
| Purchase of property and equipment | (46,271) | (40,455) | (31,175) |
| Proceeds from divestitures | 21,108 | 1,896 | — |
| Deconsolidation of subsidiaries cash and cash equivalents and restricted cash, net of proceeds | (31,465) | — | — |
| Proceeds from sale of investment in unconsolidated affiliates | 4,428 | — | — |
| Net cash used in investing activities | (55,223) | (113,540) | (75,843) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Borrowings under lines of credit | 99,538 | 326,090 | 61,629 |
| Payments on lines of credit | (99,102) | (326,968) | (111,736) |
| Proceeds from government loans for COVID-19 relief | 1,339 | — | 2,975 |
| Principal payments on long-term debt | (13,602) | (13,394) | (13,309) |
| Repurchases of Term Loan Facility and Senior Secured Notes debt | (156,559) | — | — |
| Proceeds from issuance of common stock | 2,248 | 3,320 | 794 |
| Payments for taxes related to net share settlement under 2020 Incentive Award Plan | (1,880) | — | — |
| Contingent consideration payments | (4,898) | (23,164) | (9,814) |
| Holdback payments | (1,886) | (11,057) | (3,989) |
| Purchase of treasury stock | (6,382) | — | (12,567) |
| Financing fees paid | — | (1,464) | (74) |
| Contribution from noncontrolling interest | — | 5,217 | — |
| Redemption of noncontrolling interest | (154) | (224) | (209) |
| Net cash used in financing activities | (181,338) | (41,644) | (86,300) |
| Net effect of foreign currency changes on cash | 1,876 | (8,179) | (3,177) |
| Net change in cash, cash equivalents and restricted cash | 4,310 | (42,105) | (39,329) |
| Cash, cash equivalents and restricted cash, beginning of period | 138,532 | 180,637 | 219,966 |
| Cash, cash equivalents and restricted cash, end of period | $ 142,842 | $ 138,532 | $ 180,637 |
| **SUPLLEMENTARY NON-CASH INVESTING AND FINANCING ACTIVITIES** | | | |
| Exchange of ownership of SPV for fair value of GSH | $ 15,854 | $ — | $ — |
| Non-cash proceeds from divestitures | $ 4,283 | $ — | $ — |
| Purchase of property and equipment recorded in accounts payable and accrued expenses | $ 1,201 | $ 842 | $ 759 |
| **SUPPLEMENTAL CASH FLOW INFORMATION** | | | |
| Cash payments for interest | $ 174,767 | $ 126,560 | $ 137,467 |
| Cash received from interest rate derivatives | $ 28,808 | $ 6,527 | $ — |
| Cash payments for income taxes, net | $ 39,007 | $ 45,729 | $ 40,189 |

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

| **Consolidated** | **Three Months Ended December 31, 2023** | **Three Months Ended December 31, 2022** | **Year Ended December 31, 2023** | **Year Ended December 31, 2022** |
|---|---|---|---|---|
| **(in thousands)** | | | | |
| Net income (loss) | $ 17,788 | $ (1,421,729) | $ (60,318) | $ (1,377,292) |
| Add: | | | | |
| Interest expense, net | 45,850 | 40,831 | 165,802 | 104,459 |
| (Benefit from) provision for income taxes | (16,573) | (156,860) | (29,008) | (145,337) |
| Depreciation and amortization | 54,390 | 59,078 | 224,697 | 233,075 |
| Impairment of goodwill and indefinite-lived assets | 43,500 | 1,572,523 | 43,500 | 1,572,523 |
| Gain on deconsolidation of subsidiaries | (58,891) | — | (58,891) | — |
| (Gain) loss on divestitures | (1,140) | (90) | 19,068 | 2,863 |
| Equity-based compensation of Karman Topco L.P.[(a)] | 754 | 208 | (2,524) | (6,934) |
| Change in fair value of warrant liability | (873) | 220 | (286) | (21,236) |
| Fair value adjustments related to contingent consideration related to acquisitions[(b)] | (1,229) | (674) | 10,362 | 4,774 |
| Acquisition and divestiture related expenses[(c)] | 2,503 | 4,149 | 7,024 | 21,039 |
| Reorganization expenses[(d)] | 17,620 | 1,636 | 57,021 | 6,094 |
| Litigation expenses[(e)] | 855 | 6,157 | 9,519 | 5,357 |
| Costs associated with COVID-19, net of benefits received[(f)] | (2) | 2,263 | 3,283 | 7,208 |
| Costs associated with (recovery from) the Take 5 Matter[(g)] | 63 | 377 | (1,380) | 2,465 |
| Stock-based compensation expense[(h)] | 10,370 | 9,919 | 42,880 | 39,825 |
| EBITDA for economic interests in investments[(i)] | (69) | (5,342) | (6,402) | (12,888) |
| Adjusted EBITDA | $ 114,916 | $ 112,666 | $ 424,347 | $ 435,995 |

| **Sales Segment** | **Three Months Ended December 31, 2023** | **Three Months Ended December 31, 2022** | **Year Ended December 31, 2023** | **Year Ended December 31, 2022** |
|---|---|---|---|---|
| **(in thousands)** | | | | |
| Operating (loss) income | $ 29,471 | $ (1,389,107) | $ 38,443 | $ (1,323,192) |
| Add: | | | | |
| Depreciation and amortization | 36,791 | 40,075 | 154,891 | 161,385 |
| Impairment of goodwill and indefinite-lived assets | 43,500 | 1,421,719 | 43,500 | 1,421,719 |
| Gain on deconsolidation of subsidiaries | (58,891) | — | (58,891) | — |
| (Gain) loss on divestitures | (1,086) | (90) | 14,911 | 2,863 |
| Equity-based compensation of Karman Topco L.P.[(a)] | 552 | 283 | (1,270) | (3,721) |
| Fair value adjustments related to contingent consideration related to acquisitions[(b)] | (1,464) | (4,442) | 6,616 | 550 |
| Acquisition and divestiture related expenses[(c)] | 1,817 | 898 | 4,887 | 11,679 |
| Reorganization expenses[(d)] | 12,166 | 1,307 | 36,853 | 4,826 |
| Litigation expenses[(e)] | 223 | 6,157 | 6,860 | 6,057 |
| Costs associated with COVID-19, net of benefits received[(f)] | 5 | 611 | 369 | 1,412 |
| Stock-based compensation expense[(h)] | 5,439 | 6,016 | 23,850 | 24,025 |
| EBITDA for economic interests in investments[(i)] | 288 | (5,351) | (5,764) | (13,369) |
| Sales Segment Adjusted EBITDA | $ 68,811 | $ 78,076 | $ 265,255 | $ 294,234 |

| Marketing Segment | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **(in thousands)** | | | | |
| Operating income (loss) | $ 16,721 | $ (148,431) | $ 37,747 | $ (116,214) |
| Add: | | | | |
| Depreciation and amortization | 17,599 | 19,003 | 69,806 | 71,690 |
| Impairment of goodwill and indefinite-lived assets | — | 150,804 | — | 150,804 |
| (Gain) loss on divestitures | (54) | — | 4,157 | — |
| Equity-based compensation of Karman Topco L.P.[(a)] | 202 | (75) | (1,254) | (3,213) |
| Fair value adjustments related to contingent consideration related to acquisitions[(b)] | 235 | 3,768 | 3,746 | 4,224 |
| Acquisition and divestiture related expenses[(c)] | 686 | 3,251 | 2,137 | 9,360 |
| Reorganization expenses[(d)] | 5,454 | 329 | 20,168 | 1,268 |
| Litigation expenses (recovery)[(e)] | 632 | — | 2,659 | (700) |
| Costs associated with COVID-19, net of benefits received[(f)] | (7) | 1,652 | 2,914 | 5,796 |
| Costs associated with (recovery from) the Take 5 Matter[(g)] | 63 | 377 | (1,380) | 2,465 |
| Stock-based compensation expense[(h)] | 4,931 | 3,903 | 19,030 | 15,800 |
| EBITDA for economic interests in investments[(i)] | (357) | 9 | (638) | 481 |
| Marketing Segment Adjusted EBITDA | $ 46,105 | $ 34,590 | $ 159,092 | $ 141,761 |

(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 adjustments to the estimated fair value of our contingent consideration liabilities related to our acquisitions. See Note 9—*Fair Value of Financial Instruments* to our consolidated financial statements for the years ended December 31, 2023 and 2022.
(c) Represents fees and costs associated with activities related to our acquisitions, divestitures, and related reorganization activities, including professional fees, due diligence, and integration activities.
(d) Represents fees and costs associated with various internal reorganization activities, including professional fees, lease exit costs, severance, and nonrecurring compensation costs.
(e) Represents legal settlements, reserves, and expenses that are unusual or infrequent costs associated with our operating activities.
(f) Represents (i) costs related to implementation of strategies for workplace safety in response to COVID-19, including additional sick pay for front-line associates and personal protective equipment; and (ii) benefits received from government grants for COVID-19 relief.
(g) Represents (i) cash receipts from an insurance policy for claims related to the Take 5 Matter; and (ii) costs associated with the Take 5 Matter, primarily, professional fees and other related costs.
(h) Represents non-cash compensation expense related to the 2020 Incentive Award Plan and the 2020 Employee Stock Purchase Plan.
(i) Represents additions to reflect our proportional share of Adjusted EBITDA related to our equity method investments and reductions to remove the Adjusted EBITDA related to the minority ownership percentage of the entities that we fully consolidate in our financial statements.

**Advantage Solutions Inc.**
**Disaggregated revenues**

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **(in thousands)** | **(unaudited)** | **(unaudited)** | | |
| Sales brand-centric services | $ 328,983 | $ 358,966 | $ 1,362,612 | $ 1,364,673 |
| Sales retail-centric services | 274,314 | 305,704 | 1,082,403 | 1,142,344 |
| Total sales revenues | 603,297 | 664,670 | 2,445,015 | 2,507,017 |
| Marketing brand-centric services | 149,473 | 166,063 | 545,243 | 559,218 |
| Marketing retail-centric services | 326,979 | 272,030 | 1,234,588 | 983,507 |
| Total marketing revenues | 476,452 | 438,093 | 1,779,831 | 1,542,725 |
| Total Revenues | $ 1,079,749 | $ 1,102,763 | $ 4,224,846 | $ 4,049,742 |

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

| (in millions) | | December 31, 2023 |
| --- | --- | --- |
| Current portion of long-term debt | $ | 13.6 |
| Long-term debt, net of current portion | | 1,852.8 |
| Less: Debt issuance costs | | (31.1) |
| Total Debt | | 1,897.5 |
| Less: Cash and cash equivalents | | 126.5 |
| Total Net Debt | $ | 1,771.0 |
| | | |
| Adjusted EBITDA | $ | 424.3 |
| Net Debt / Adjusted EBITDA (Net Leverage) Ratio | | 4.2x |


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# 2023 Earnings Presentation

February 29, 2024

ADVANTAGE SOLUTIONS

# Disclaimer

**Forward-Looking Statements**

Certain statements in this presentation 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", "confident", "potential", "guidance", 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, market-driven wage changes or changes to labor laws or wage or job classification regulations, including minimum wage; the COVID-19 pandemic, or any future similar pandemic or health epidemic; 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 expected to be filed by the company with the Securities and Exchange Commission (the "SEC") on or about March 1, 2024, 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 presentation includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP"), Adjusted EBITDA, Adjusted EBITDA by Segment, Adjusted EBITDA margin, Net Debt, Adjusted Unlevered Free Cash Flow and Adjusted Unlevered Free Cash Flow as a percentage of Adjusted EBITDA. 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, Adjusted EBITDA by Segment, Adjusted EBITDA margin, Net Debt, Adjusted Unlevered Free Cash Flow and Adjusted Unlevered Free Cash Flow as a percentage of Adjusted EBITDA 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 and Adjusted EBITDA by Segment means net (loss) income 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) gain on deconsolidation of subsidiaries, (vii) loss on divestitures, (viii) equity-based compensation of Karman Topco L.P., (ix) changes in fair value of warrant liability, (x) stock based compensation expense, (xi) fair value adjustments of contingent consideration related to acquisitions, (xii) acquisition and divestiture related expenses, (xiii) costs associated with COVID-19, net of benefits received, (xiv) EBITDA for economic interests in investments, (xv) reorganization expenses, (xvi) litigation expenses, (xvii) recovery from and costs associated with the Take 5 Matter and (xviii) other adjustments that management believes are helpful in evaluating our operating performance.

Adjusted EBITDA Margin means adjusting net (loss) income to exclude (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) gain on deconsolidation of subsidiaries, (vii) loss on divestitures, (viii) equity-based compensation of Karman Topco L.P., (ix) changes in fair value of warrant liability, (x) stock based compensation expense, (xi) fair value adjustments of contingent consideration related to acquisitions, (xii) acquisition and divestiture related expenses, (xiii) costs associated with COVID-19, net of benefits received, (xiv) EBITDA for economic interests in investments, (xv) reorganization and restructuring expenses, (xvi) litigation expenses (recovery), (xvii) recovery from Take 5 and costs associated with the Take 5 Matter and (xviii) other adjustments that management believes are helpful in evaluating our operating performance, and then dividing this figure by total revenues.

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.

Adjusted Unlevered Free Cash Flow represents net cash provided by (used in) operating activities less purchase of property and equipment as disclosed in the Statements of Cash Flows further adjusted by (i) cash paid for income taxes; (ii) cash paid for acquisition and divestiture related expenses; (iii) cash paid for reorganization expenses; (iv) cash paid for costs associated with COVID-19, net of benefits received; (v) net effect of foreign currency fluctuations on cash; (vi) cash paid for costs associated with the Take 5 Matter; and (vii) other adjustments that management believes are helpful in evaluating our operating performance. Adjusted Unlevered Free Cash Flow as a percentage of Adjusted EBITDA means Adjusted Unlevered Free Cash Flow divided by Adjusted EBITDA.

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.

# 2023: An Important Year

► **2023 continued trend of healthy financial performance**

- Reported Revenues of $4.2B (+4.3% vs. 2022); +6.8% excluding divestitures (including Smollan deconsolidation) and FX
- Adj. EBITDA of $424M (10.0% margin) declined 2.7% (down 1.7% excluding FX, acquisitions and divestitures) but was ahead of guidance and consensus
- Year-over-year 4Q Adj. EBITDA growth and margin expansion
- Generated $429 million of adjusted unlevered free cash flow, representing approximately 101% of Adj. EBITDA

► **Growth acceleration plan expected to enhance value creation**

- Simplification to align capabilities with economic buyers
- New reporting segments and operational KPIs to measure success
- Strengthen culture, improve financial discipline, and enhance processes
- Key transactions include divestitures of Atlas and a third-party eCommerce reseller and sell-down of stake in the Advantage Smollan European JV
  - Divestiture of foodservice business and collaborations with Genpact and TCS executed in January 2024

► **Disciplined and opportunistic capital allocation strategy to maximize returns for equity holders**

- Repurchased $136M of term loan and $32M of senior secured notes at favorable discounts to par (net leverage of 4.2x as of 12/31/2023 vs. 4.5x as of 12/31/2022)
- Repurchased ~2M shares for ~$6.4 million in 4Q; acquired ~2M shares in exchange for minority interest in a small foreign asset

► **Macroeconomic environment remains mixed**

- Inflation and labor tightness moderating slowly
- Price realization represented more than 1/3rd of 2023 revenue growth excluding divestitures and FX, offsetting the majority of wage and benefit inflation in the year
- >2,800 net new hires in 2023 to support the business

**Established 2024 Guidance[1]**

Consolidated Revenues and Adjusted EBITDA are expected to grow low single-digits

[1] 2023 comparable excludes completed divestitures, including foodservice in 2024, and Advantage Smollan JV

# Enhancing Capabilities to Serve Consumer Brands and Retailers

## A clear right to win in consumer & retail

Advantage provides **essential services** to CPG clients and retail customers that help **drive their growth** and ensure their success

## Talented & passionate people

Brian McRoskey, formerly with Bain & Co. joined as Chief Growth Officer in January 2024

Added >2,800 net **new hires in 2023**

## Simplification strategy

Reduced stake in Advantage Smollan JV

Divested **Atlas Technology Group and Foodservice business**

Collaboration with **Genpact and Tata Consultancy Services**

## Strong client & customer relationships

Secured a primary service provider agreement with a large, multinational retailer

Renewed important client / customer relationships

Average **relationship duration ~15 years amongst top 100 clients/customers; 90%+ retention rate**

## Potential upside

Opportunities to further **simplify and grow** the core business

**Advantage has the scale and expertise to generate demand for consumer brands and retailers, converting shoppers into buyers in every way they shop**

# Recent Actions to Simplify Advantage

## Foodservice

### Divested foodservice businesses (1/31/24)

*~$100M in proceeds, inclusive of 7.5% stake in combined business; Advantage to hold seat on the Acxion Board of Directors*

Partnered with KeyImpact to form Acxion Foodservice, industry-leading brokerage and marketing agency; allows Advantage to focus on areas of growth within its core retail capabilities while partnering in key adjacency

## Key Collaborations

### Genpact (1/31/24)

*Creating an innovative, proprietary digital solution to streamline and automate processes behind Advantage BPO and administrative services*

### Tata Consultancy Services (1/31/24)

*Modernizing IT support services with best-in-class provider*

## Other Transactions

### Reduced stake in Advantage Smollan Limited[1] (11/30/23)

*Reduced stake from under 60% to a 49.6% minority position in exchange for cash and other considerations*

Streamlined European business to better align with operations and realize efficiencies from a reduction in back-office expense

### Divested Atlas Technology Group (10/27/23)

*~$10M in proceeds at value accretive multiple*

Collaborating with Crisp through cloud-based data-sharing platform to empower and improve services for clients

[1] Advantage Smollan Limited is a joint venture with the Smollan Group operating in Europe

WHAT WE STAND FOR

# Our Values

## PUT PEOPLE FIRST

## SERVE WITH HEART

## LEAD WITH INSIGHTS

## EXECUTE RELENTLESSLY

## WIN TOGETHER

# Macro Trends Favor Advantage

### Focus on Innovation

Retailers interested in private brands for food and personal care

6 quarters of steady SKU count increases but below 2019 levels signaling room for enhanced innovation

**Experiential Services**

### Inflation Abating

Emerging stability to encourage typical shopping patterns

**~80%** of manufacturers to focus on unit volume growth

**60%** of retailers list private brands as a top 3 strategy

**Retailer Services**

### Food-at-Home

Food-away-from-home pricing continues to outpace food-at-home

Supports grocery retail sales

**Branded Services**

### Shoppers

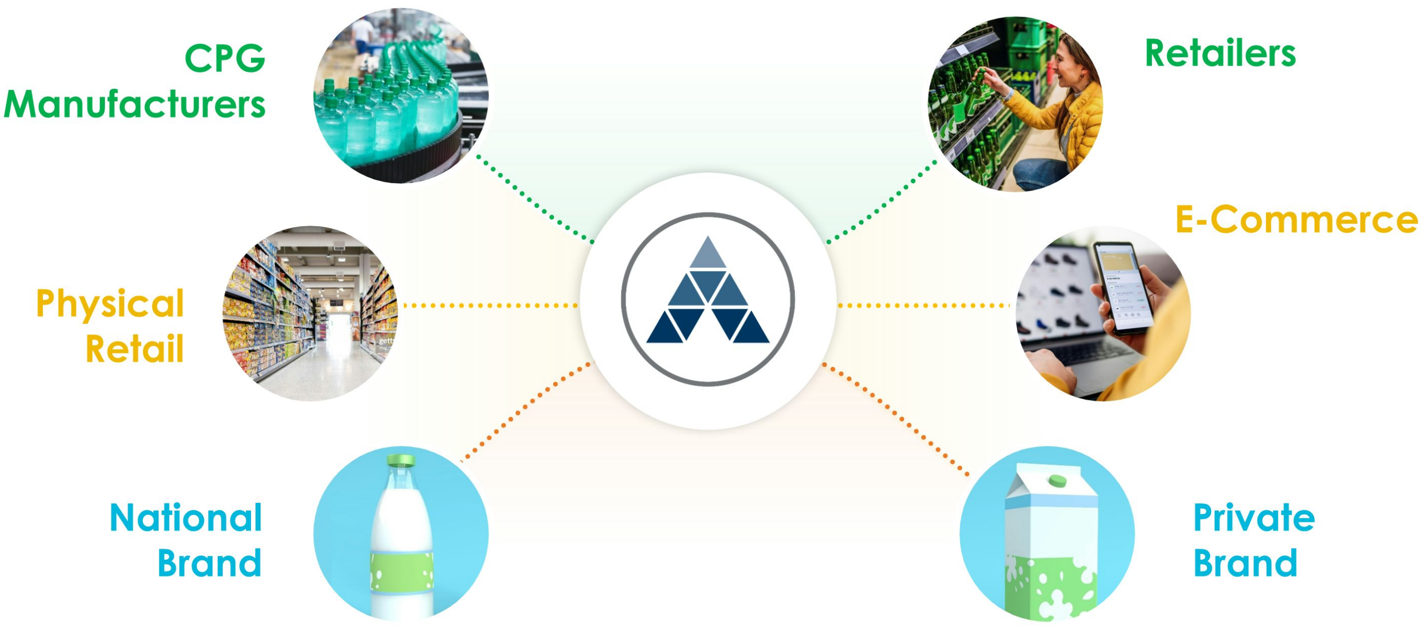
Growing pockets of financially strained consumers

Manufacturers and retailers must cater to two sets of consumers while managing costs

**(Consumer Staples Focused Company)**

Source: Advantage Outlook first quarter 2024 survey of 100 retailers and CPG manufacturers
Experiential Services, Retailer Services and Branded Services are expected to become new company segments in 1Q'24

# Uniquely Positioned at Intersection of…



# Adj. EBITDA Performance


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

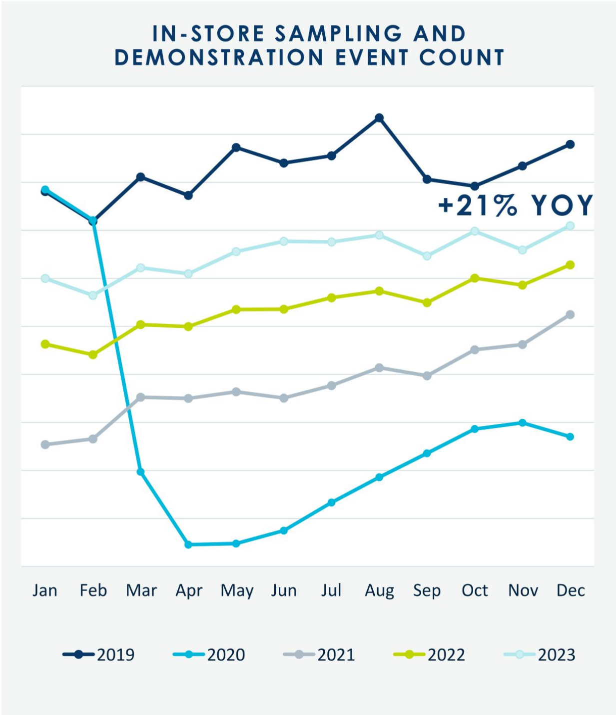
# Healthy Organic Revenue Trends in 2023

## Sales Segment

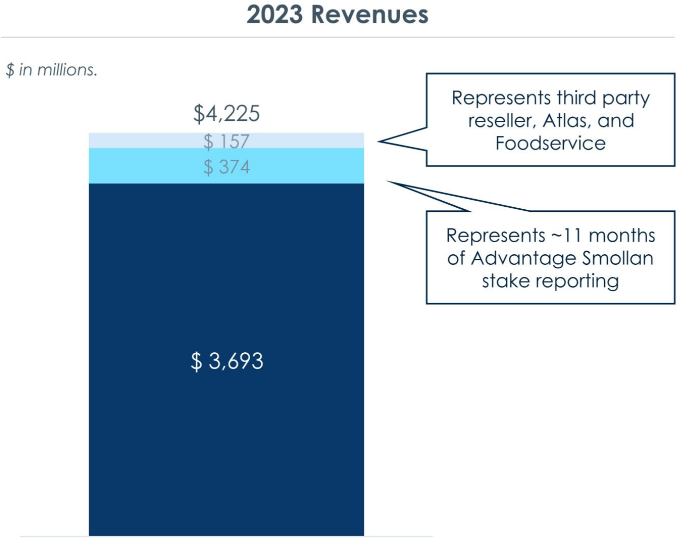
- Year-over-year comp impacted by divestitures, international stake sell-down and intentional client exit
- Strong realization of pricing and growth in merchandising services

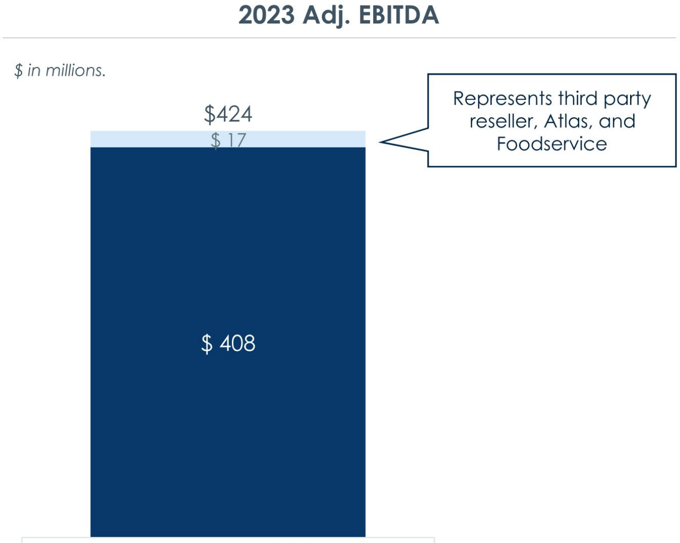
## Marketing Segment

- In-store sampling and demonstration event counts up ~21% year-over-year, approximately ~79% of 2019 levels (~83% in Q4; ~11K events / day)
- Successful realization of price increases
- Digital services showing improvement on sequential basis



# Recent Strategic Actions




**2023 Revenues and Adjusted EBITDA reflect in-year impacts of divestitures and international deconsolidation**

Adjusted EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization, and non-recurring items) is a non-GAAP financial measure. A reconciliation to the most comparable GAAP measure can be found in the Appendix; Note: subtotals may not tie due to interim rounding

# Capitalization Summary

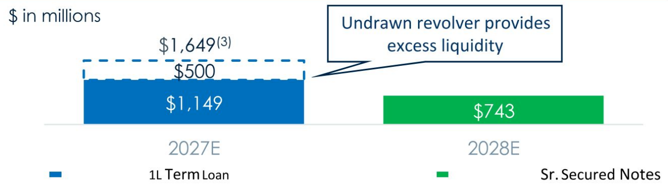
As of 12/31/23

## Net Debt Overview

| $ in millions | Maturity | Rate | Outstanding |
|---|---|---|---|
| First Lien Term Loan | 2027 | S+4.50%[2] | $1,149 |
| Senior Secured Notes | 2028 | 6.50% | 743 |
| Other Debt | | | 5 |
| **Total Gross Debt** | | | **$1,898** |
| Less: Cash and Cash Equivalents | | | (127) |
| **Total Net Debt**[1] | | | **$1,771** |

***4.2x Net Debt / LTM Adj. EBITDA; ~89% hedged / fixed***

## Maturity Schedule




***No meaningful maturities for ~3 years***

## Equity Capitalization

- 322,235,261 Class A Common shares outstanding
- 3,600,075 Treasury shares outstanding
- 18,578,321 Warrants @ $11.50 exercise price
- 25,577,752 RSUs and PSUs[4]
- 17,375,000 Options

## Cash Detail

- Cash balance of $126.5M
- Deconsolidated $31.5M as a result of Advantage Smollan stake sell-down transaction
- 2023 share repurchases: $6.4M
- 2023 voluntary debt repurchases: $168.2M (face value)

(1) Net debt is a non-GAAP financial measure and includes Other Debt of approximately $5M. For a reconciliation of net debt to total debt, the most directly comparable GAAP counterpart, please see the appendix attached hereto
(2) First Lien Term Loan rate subject to 0.75% SOFR floor plus 0.2626% SOFR spread
(3) First Lien Term Loan that amortizes at 1% per annum, paid quarterly. Illustratively showing full $1,149 million obligation in 2027E maturity as of 12/31/23, and $500 million of the borrowing capacity of Revolving Credit Facility
(4) PSUs represent the number of underlying shares that would be issued at Target performance levels

# 2024 Guidance

## Strategic Action

$ millions

| | 2023 (Reported) | Impact of Divestitures and Deconsolidation | 2024 Guidance |
|---|---|---|---|
| **Revenues** | $4,225 | $(532) | Low single digit growth |
| **Adjusted EBITDA** | $424 | $(17) | Low single digit growth |
| **Adjusted Unlev. FCF** | $429 | | 55%-65% of Adj. EBITDA |
| **Net Interest Expense** | $166 | | $170 - $180 |
| **CAPEX** | $46 | | $90 - $110 |

***Long-term net leverage target less than 3.5x***

## Commentary

- Expect to build on 4Q'23 momentum achieved for revenues and adjusted EBITDA growth, with continued emphasis on sampling and demonstration rebuild and pricing in response to inflation
- Invest heavily behind IT, namely ERP upgrade, to modernize capabilities
- Maintain financial discipline to drive operating efficiencies and retain working capital benefits
- Continue efforts to transform the business to increase focus and resources on core capabilities; ongoing evaluation of opportunities to simplify portfolio to reduce debt
- Share repurchases expected to help offset employee incentive-related dilution; repurchased >2.5M shares so far in 2024

Strategic actions include in-year impact of $157 million for divestitures in 2023 and January of 2024 and $374M for deconsolidation of revenues for the reduced stake in the European joint venture
See the Appendix for a reconciliation of 2023 non-GAAP financial measures to the most comparable GAAP measure
Note: subtotals may not tie due to interim rounding

# Unmatched Operational Scale

- 3,500+ CPG Brand Clients
- 15+ Trade Channels
- 70,000+ Associates
- 300+ IT Professionals
- 100,000+ Retailer Outlets

| Brands | Retailers |
|---|---|
| Advantage Clients include **>4/5th of Top 25 CPG Brands**[1] | Advantage Customers include **>2/3rd of Top 25 Retailers**[2] |

**Helping brands and retailers grow sales, lower costs, and solve problems**

[1] Circana 2023
[2] Euromonitor 2023
Note: Unless otherwise noted, figures as of December 31, 2023

# Strategic IT and Systems Initiatives

## MODERNIZE

- Modernize financial systems
- Upgrade talent management system
- Move to the cloud
- Upgrade cybersecurity

## TRANSFORM

- Unify front-line staffing and scheduling
- Consolidate retail services, product demonstration platforms
- Centralize billing
- Build a data and analytics platform

## DIFFERENTIATE

- Unlock value of data and analytics
- Innovate through AI/automation
- Create new capabilities

**Expect to spend $160M to $170M in CAPEX for new IT initiatives through 2026**

# ERP Implementation

## Transformation Enabler

| | |
|---|---|
| Simplification and Enhancement | Reduction of manual processes |
| Improve speed and accuracy | Enhance analytical capabilities |

## Program Overview

- Current system is approaching end of life
- **Total 2023 – 2026 estimated investment: ~$70 – 80M**
  - ~75% Capex / ~25% Opex
  - ~40% of spend anticipated in 2024
- **Run-rate spend increase post-full deployment: ~$5M p.a.**

## Phasing

2024: Plan & build
2025: Implementation
2026: Full Deployment & Stabilization

**ERP project will simplify internal operations and enable better services to clients; actions expected to drive improvement in working capital (DSO reduction) and annualized cost savings and business efficiencies**

# Anticipated simplified structure expected to align capabilities and economic buyers, enabling growth

Improved collaboration can allow Advantage to move faster and better serve clients and customers with a full suite of services


Anticipated new structure to have three distinct segments:

1. Branded Services (businesses serving CPG companies)
2. Retailer Services (businesses serving retailers)
3. Experiential Services (businesses executing consumer demos)

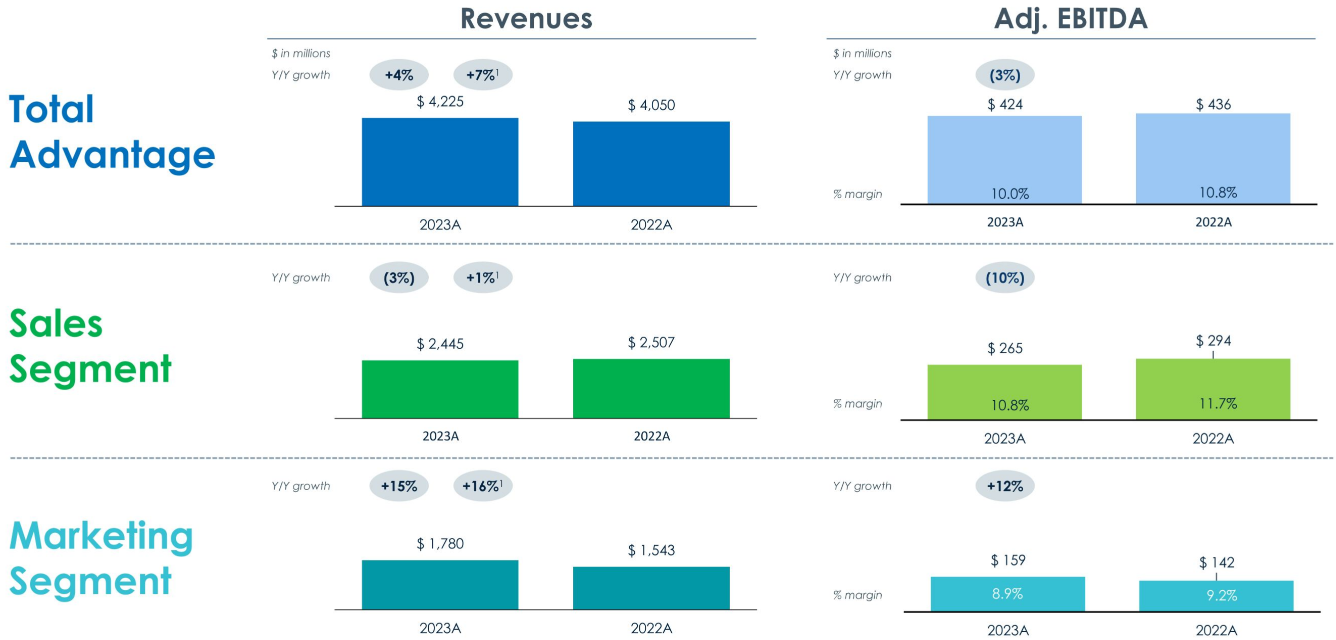
Shared Services designed to support the three anticipated segments

| Branded Services | Retailer Services | Experiential Services |
|---|---|---|
| ~45 – 55%[1] | ~20 – 30%[1] | ~20 – 30%[1] |
| Shared Services | | |

Note: Segment level detail is highly preliminary and subject to change as Advantage continues to develop transformation plan for re-segmentation; [1]Represents approximate percentage of FY23 Revenues

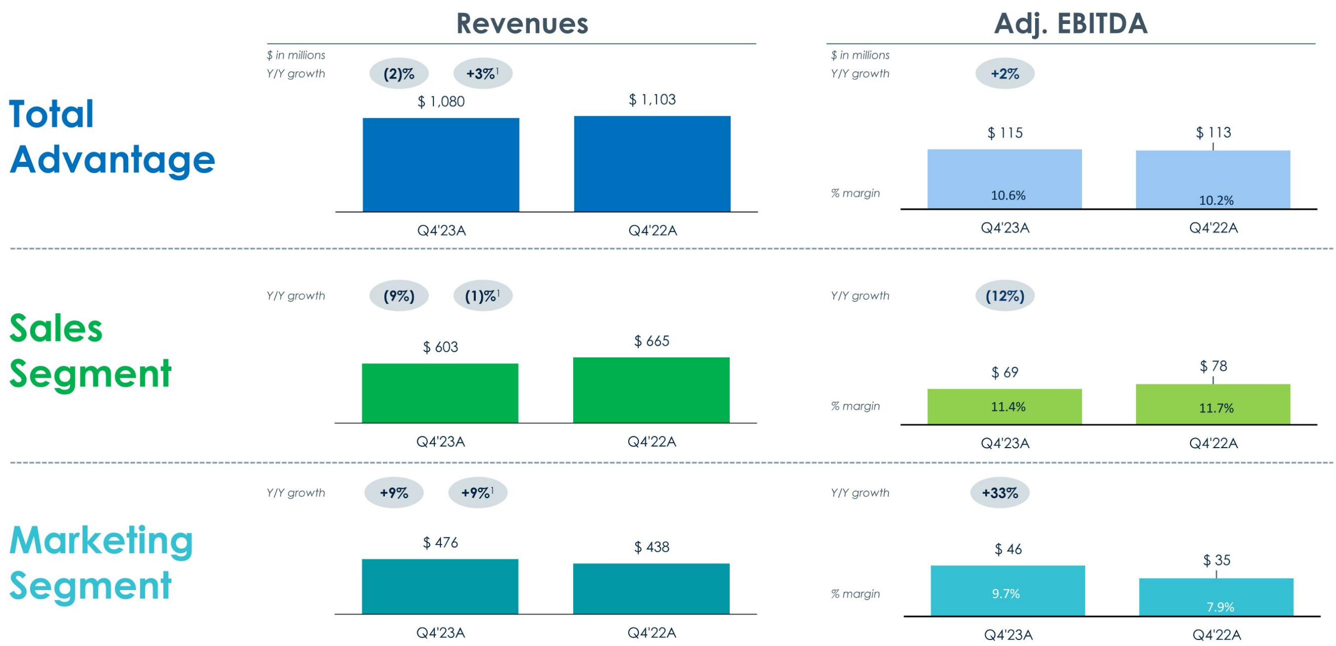
# Appendix

# 2023 Financial Results




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; [1] Excluding the impact of foreign exchange rates, acquisitions and divestitures

# Q4’23 Financial Results




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; [1] Excluding the impact of foreign exchange rates, acquisitions and divestitures

# Non-GAAP Reconciliation (1/6)

| Consolidated | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|---|
| (in thousands) | | | | |
| Net income (loss) | $ 17,788 | $ (1,421,729) | $ (60,318) | $ (1,377,292) |
| Add: | | | | |
| Interest expense, net | 45,850 | 40,831 | 165,802 | 104,459 |
| Benefit from income taxes | (16,573) | (156,860) | (29,008) | (145,337) |
| Depreciation and amortization | 54,390 | 59,078 | 224,697 | 233,075 |
| Impairment of goodwill and indefinite-lived assets | 43,500 | 1,572,523 | 43,500 | 1,572,523 |
| Gain on deconsolidation of subsidiaries | (58,891) | — | (58,891) | — |
| (Gain) loss on divestitures | (1,140) | (90) | 19,068 | 2,863 |
| Equity based compensation of Topco[1] | 754 | 208 | (2,524) | (6,934) |
| Change in fair value of warrant liability | (873) | 220 | (286) | (21,236) |
| Fair value adjustments related to contingent consideration related to acquisitions[2] | (1,229) | (674) | 10,362 | 4,774 |
| Acquisition and divestiture related expenses[3] | 2,503 | 4,149 | 7,024 | 21,039 |
| Reorganization expenses[4] | 17,620 | 1,636 | 57,021 | 6,094 |
| Litigation expenses[5] | 855 | 6,157 | 9,519 | 5,357 |
| Costs associated with COVID-19, net of benefits received[6] | (2) | 2,263 | 3,283 | 7,208 |
| Costs associated with (recovery from) the Take 5 Matter[7] | 63 | 377 | (1,380) | 2,465 |
| Stock based compensation expense[8] | 10,370 | 9,919 | 42,880 | 39,825 |
| EBITDA for economic interests in investments[9] | (69) | (5,342) | (6,402) | (12,888) |
| Adjusted EBITDA | $ 114,916 | $ 112,666 | $ 424,347 | $ 435,995 |

| | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|---|
| (in thousands) | | | | |
| Numerator - Revenues | $ 1,079,749 | $ 1,102,763 | $ 4,224,846 | $ 4,049,742 |
| Denominator - Adjusted EBITDA | $ 114,916 | $ 112,666 | $ 424,347 | $ 435,995 |
| Adjusted EBITDA Margin | 10.6% | 10.2% | 10.0% | 10.8% |

# Non-GAAP Reconciliation (2/6)

| Sales Segment | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|---|
| (in thousands) | | | | |
| Operating income (loss) | $ 29,471 | $ (1,389,107) | $ 38,443 | $ (1,323,192) |
| Add: | | | | |
| Depreciation and amortization | 36,791 | 40,075 | 154,891 | 161,385 |
| Impairment of goodwill and indefinite-lived assets | 43,500 | 1,421,719 | 43,500 | 1,421,719 |
| Gain on deconsolidation of subsidiaries | (58,891) | — | (58,891) | — |
| (Gain) loss on divestitures | (1,086) | (90) | 14,911 | 2,863 |
| Equity based compensation of Topco[1] | 552 | 283 | (1,270) | (3,721) |
| Fair value adjustments related to contingent consideration related to acquisitions[2] | (1,464) | (4,442) | 6,616 | 550 |
| Acquisition and divestiture related expenses[3] | 1,817 | 898 | 4,887 | 11,679 |
| Reorganization expenses[4] | 12,166 | 1,307 | 36,853 | 4,826 |
| Litigation expenses[5] | 223 | 6,157 | 6,860 | 6,057 |
| Costs associated with COVID-19, net of benefits received[6] | 5 | 611 | 369 | 1,412 |
| Stock based compensation expense[8] | 5,439 | 6,016 | 23,850 | 24,025 |
| EBITDA for economic interests in investments[9] | 288 | (5,351) | (5,764) | (13,369) |
| Sales Segment Adjusted EBITDA | $ 68,811 | $ 78,076 | $ 265,255 | $ 294,234 |

| | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|---|
| (in thousands) | | | | |
| Numerator - Sales Segment Revenues | $ 603,297 | $ 664,670 | $ 2,445,015 | $ 2,507,017 |
| Denominator - Sales Segment Adjusted EBITDA | $ 68,811 | $ 78,076 | $ 265,255 | $ 294,234 |
| Sales Segment Adjusted EBITDA Margin | 11.4% | 11.7% | 10.8% | 11.7% |

# Non-GAAP Reconciliation (3/6)

| Marketing Segment | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|---|
| (amounts in thousands) | | | | |
| Operating income (loss) | $ 16,721 | $ (148,431) | $ 37,747 | $ (116,214) |
| Add: | | | | |
| Depreciation and amortization | 17,599 | 19,003 | 69,806 | 71,690 |
| Impairment of goodwill and indefinite-lived assets | — | 150,804 | — | 150,804 |
| (Gain) loss on divestitures | (54) | — | 4,157 | — |
| Equity based compensation of Topco[1] | 202 | (75) | (1,254) | (3,213) |
| Fair value adjustments related to contingent consideration related to acquisitions[2] | 235 | 3,768 | 3,746 | 4,224 |
| Acquisition and divestiture related expenses[3] | 686 | 3,251 | 2,137 | 9,360 |
| Reorganization expenses[4] | 5,454 | 329 | 20,168 | 1,268 |
| Litigation expenses (recovery)[5] | 632 | — | 2,659 | (700) |
| Costs associated with COVID-19, net of benefits received[6] | (7) | 1,652 | 2,914 | 5,796 |
| Costs associated with (recovery from) the Take 5 Matter[7] | 63 | 377 | (1,380) | 2,465 |
| Stock based compensation expense[8] | 4,931 | 3,903 | 19,030 | 15,800 |
| EBITDA for economic interests in investments[9] | (357) | 9 | (638) | 481 |
| Marketing Segment Adjusted EBITDA | $ 46,105 | $ 34,590 | $ 159,092 | $ 141,761 |

| | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|---|
| (amounts in thousands) | | | | |
| Numerator - Marketing Segment Revenues | $ 476,452 | $ 438,093 | $ 1,779,831 | $ 1,542,725 |
| Denominator - Marketing Segment Adjusted EBITDA | $ 46,105 | $ 34,590 | $ 159,092 | $ 141,761 |
| Marketing Segment Adjusted EBITDA Margin | 9.7% | 7.9% | 8.9% | 9.2% |

# Non-GAAP Reconciliation (4/6)

| (amounts in thousands) | Three Months Ended December 31, 2023 | Year Ended December 31, 2023 |
|---|---|---|
| Net cash provided by operating activities | $ 58,283 | $ 238,995 |
| Add (Less): | | |
| Purchases of property and equipment | (16,613) | (46,271) |
| Cash payments for interest | 56,748 | 174,767 |
| Cash payments for income taxes | 8,962 | 39,007 |
| Cash received from interest rate derivatives | (7,958) | (28,808) |
| Cash paid for acquisition and divestiture related expenses[10] | 2,999 | 6,017 |
| Cash paid for reorganization expenses[11] | 28,754 | 41,187 |
| Cash paid for costs associated with COVID-19, net of benefits received[12] | (2) | 3,283 |
| Net effect of foreign currency fluctuations on cash | 3,238 | 1,876 |
| Cash paid for costs associated with the Take 5 Matter (recovery from)[13] | 63 | (1,380) |
| Adjusted Unlevered Free Cash Flow | $ 134,474 | $ 428,673 |

| (amounts in thousands) | Three Months Ended December 31, 2023 | Year Ended December 31, 2023 |
|---|---|---|
| Numerator - Adjusted Unlevered Free Cash Flow | $ 134,474 | $ 428,673 |
| Denominator - Adjusted EBITDA | 114,916 | 424,347 |
| Unlevered Free Cash Flow as a percentage of Adjusted EBITDA | 117.0% | 101.0% |

# Non-GAAP Reconciliation (5/6)

| (amounts in millions) | | December 31, 2023 |
|---|---|---|
| Current portion of long-term debt | $ | 13.6 |
| Long-term debt, net of current portion | | 1,852.8 |
| Less: Debt issuance costs | | (31.1) |
| Total Debt | | 1,897.5 |
| Less: Cash and cash equivalents | | 126.5 |
| Total Net Debt | $ | 1,771.0 |
| Adjusted EBITDA | $ | 424.3 |
| Net Debt / Adjusted EBITDA (Net Leverage) ratio | | 4.2x |

# Non-GAAP Reconciliation (6/6)

(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 equity holders of Topco and (ii) equity-based compensation expense associated with the Common Series C Units of Topco.

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

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

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

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

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

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

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

(9) 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.

(10) Represents cash paid for fees and costs associated with activities related to our acquisitions and reorganization activities including professional fees, due diligence, and integration activities.

(11) Represents cash paid for fees and costs associated with various reorganization activities, including professional fees, lease exit costs, severance, and nonrecurring compensation costs.

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

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

# Thank you

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