

LETTER FROM OUR CEO



DEAR ADVANTAGE SHAREHOLDERS,

2020 was a year unlike any I can remember. The human and economic suffering the year inflicted is heartbreaking. However, I'm proud of the way people all over the world came together to help fight through the COVID-19 pandemic. And I'm grateful Advantage was able to play a significant part in helping our communities get through these challenging times — working to ensure food and essential goods were available despite strained supply chains and record at-home demand. No other time so clearly illustrates how mission critical our services are to brands and retailers. We were an invaluable partner from the first days of the pandemic, ensuring products were available to consumers in-store and online, and using our nimble platform to meet retailer labor shortages and stand up e-commerce offerings.

I'd like to thank all of our front-line workers who so selflessly serve. Your passion and dedication to your communities is inspiring and a light of hope for all to see.

The year brought tumultuous and disruptive change — change that we helped our clients navigate. For clients serving consumers at home, that meant responding to an unprecedented demand boom. For clients serving consumers away from home, that meant weathering an unprecedented demand bust. And for all, it meant reaching consumers through new channels and means.

2020 has surely taught us the world is a dynamic place and we do not proclaim to know what the future holds. However, we do know we have the capabilities, team and culture to meet that future, whatever it may bring, and emerge stronger. To be successful in this dynamic environment, we must help brands and retailers create value. We do this with practical, client-driven innovation and a healthy dissatisfaction with the status quo.

Our strategy is simple. We plan to continue doing what we have been doing for decades — serving clients well while running an efficient operation and prudently reinvesting in capabilities to meet clients' evolving needs. We invest to help clients win, innovate to help clients win and acquire to help clients win. Because that's how we win. It's a formula that's proven itself worthy over time and we believe gives us ample runway to create value for public shareholders in the future.

Since this is our first annual report as a public company, I'd like to express how happy I am to welcome you as a new shareholder of Advantage. We appreciate your decision to become an owner of our company. As we continue to build the business on your behalf, we will remain laser-focused on our mission to create sustainable shareholder value for you over time. After over 30 years as a private company, we still very much think of our owners as partners in the business. Much like I've done in the past with our private owners, my goal will be to provide you with a realistic assessment of our business opportunities and challenges. Owners should expect no less. Our team takes great pride and responsibility in the trust you've placed in us to be to be good stewards of your capital. We look forward to having you as part of the Advantage family for many years.

In this letter, I'll share how Advantage creates value. I'll also review the progress we made in 2020 and highlight some of our key priorities for 2021 and beyond.

Now, to the main event.



WHAT DO YOU OWN AND HOW DO WE CREATE VALUE?

As an Advantage shareholder, you own a stake in the leading provider of outsourced solutions to consumer goods companies and retailers. We have a strong platform of competitively advantaged sales and marketing services built over multiple decades — business critical services like headquarter sales, retail merchandising, in-store sampling, digital commerce and shopper marketing. For brands and retailers of all sizes, we help get the right products on the shelf (whether physical or digital) and into the hands of consumers (however they shop). We innovate in partnership with our clients, solving problems to boost efficiency and effectiveness.

Creating value on this platform is simple, but not easy. At the most fundamental level:

- We sit at the nexus of consumer goods companies and retailers. A trusted partner to both.
- We help our clients sell more while spending less. We make them more effective. And more efficient.
- We win by providing best-in-class service every day. And by innovating on a nimble operating platform.
- We drive productivity to provide fuel for reinvestment and growth.
- Simply put, we are built to do it better, cheaper and faster.

At our leading scale, this stable model yields solid EBITDA margins, which we convert into abundant free cash flow. We then reinvest that free cash flow at very attractive incremental returns and drive growth by selling more asset-light core services to our existing clients, recruiting new clients and entering adjacent spaces where we have the right to win, further widening our competitive moat.

Our expertise and scale have compounded over decades, built on differentiated business systems, talent, relationships and technology. We listen, learn and invest in capabilities that allow us to meet the evolving needs of brands and retailers — solving existing problems better and new problems quickly to navigate change in an increasingly omnichannel world. This, in turn, helps us compound our relationships with clients. Over time, our clients outsource more. As a trusted partner, we capture an outsized share of that outsourcing. By layering on new solutions as we go, we add rich data and insights atop a scaled team and seek to expand returns on capital while outgrowing our end markets.

Our marketing business is a great example of these principles in action. This business started a couple decades ago with a simple observation: As the sales agency for brands, we saw that marketing agencies were often not effectively building our clients' businesses. We realized we had unique insights and data from our sales role and could more effectively create winning marketing strategies for brands by successfully integrating with sales plans at retailers. And we won. It was the same eye for opportunity and practical innovation that led us to professionalize retailers' in-store sampling programs, bringing compliance, safety and strategy to a valuable tactic that delivers value to brands and retailers by allowing them to surprise and delight consumers. Today, our marketing segment is greater than \$1 billion in revenue. And we haven't stopped.

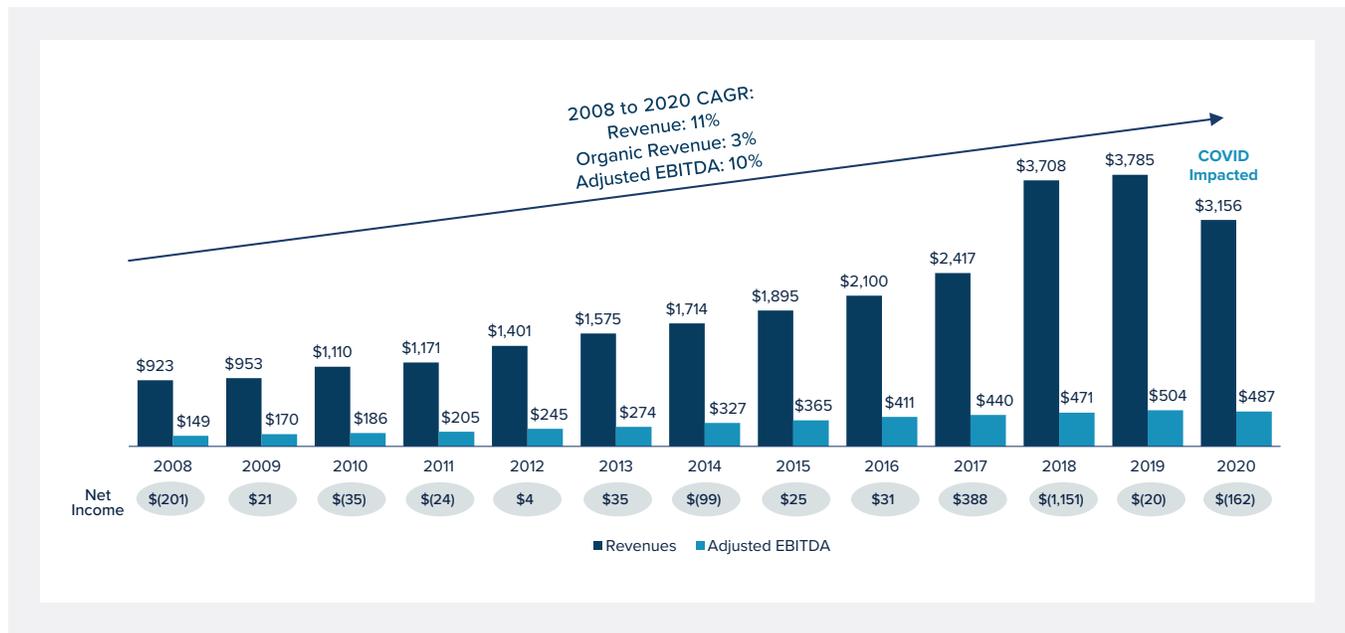
With this in mind, how do we measure value creation?

HOW WE'LL MEASURE PERFORMANCE

We are a team who wants to win and knows how to win for clients and shareholders. We believe the primary measure of our success will be the sustainable long-term value we create for shareholders over time (on a per share basis). While not a perfect measure, we believe long-term total shareholder returns is a reasonable system for keeping score. This reflects our belief that public equity markets “get it right” and reflect intrinsic business value reasonably well over time. We're confident, however, that if we do our jobs well and compound the intrinsic value of our business by executing well and investing wisely, our stock performance should be aligned in the long run.



To measure our progress, we use metrics that are linked to long-term value creation. Two important measures in this mosaic are revenue and Adjusted EBITDA growth over time. As shown below, we've compounded growth at 2x our underlying end markets organically and >3x in total. This track record highlights the powerful compounding capabilities of our platform.



2020 – A YEAR LIKE NO OTHER

With the onset of COVID, the speed of change around the world across industries was staggering. We all reacted quickly to protect the health and safety of ourselves and others. The rules by which we were used to living and working went out the window. When the dust settled, things looked quite different. There were winners, there were losers, and the world seemed to bifurcate.

During the pandemic we've seen unprecedented demand growth for at-home consumption and experiences. This created winners. Brands, retailers and platforms supporting this at-home economy have done quite well. On the other end, we saw an unprecedented decline in away-from-home consumption and experiences. This created losers. Brands, retailers and restaurants built around reaching consumers on-the-go have struggled mightily. Platforms built around live experiences have been suspended.

We were not immune. We had both winners and losers in the COVID world.

The COVID winners were mostly in our Sales segment, which represented approximately half of our business on a pre-COVID basis and finished 2020 with 5% revenue growth, despite weathering headwinds in the segment's smaller food service and international businesses. Here, our headquarter sales and retail merchandising businesses have never been busier. Our teams have been critical partners to brands and retailers seeking to meet unprecedented consumer demand in traditional retail and e-commerce channels, making sure products are available for consumers at the shelf and online.

The COVID losers were mostly in our Marketing segment, which represented approximately half of our business on a pre-COVID basis and finished 2020 with a 40% revenue decline. Here, our large in-store sampling business experienced temporary headwinds after the suspension and reduction of in-person events at our retailer partners' stores. Despite a strong desire from retailers and brands to bring these programs back to stores as soon as safe and possible, our business remained in hibernation for most of the year — only beginning to reemerge in a measured way in the third quarter. We do expect this business to get back to its winning ways as soon as the state of health and policy allow.



However, we are resilient. Our platform is nimble and our team is battle-tested. We were able to quickly implement cost controls and realign resources to embrace the new operating reality and mitigate headwinds from COVID-challenged services. And we got to work helping brands and retailers solve new problems presented by the pandemic. We scaled important digital and e-commerce solutions to help brands and retailers reach consumers who were shopping more online. And we launched new service innovations to help brands and retailers surprise and delight consumers with safe experiences through virtual events and online pickup and delivery sample bags. The result? Adjusted EBITDA declined only 3% in 2020, despite a 17% decline in revenues.

We're confident our business will emerge from COVID better and stronger than before. Our team's innovation not only helped mitigate COVID-related headwinds in the near term, but also laid the foundation for durable new businesses to grow upon in the future. The trust we built with brands and retailers in 2020 by executing well in these challenging times and going above and beyond the normal call of duty to help them solve problems should pay dividends in the future.

That leads me to my next topic.

WHAT THE FUTURE MAY HOLD: 2021 & BEYOND

We believe our future is bright at Advantage. Our business is better positioned now than at any other time during my over 30 years with the company. We've reinforced client relationships and trust and fortified our solutions with practical, timely innovations.

The value proposition supporting demand for our critical services remains as strong as ever.

We've built leading market share and competitive advantages in key businesses across our sales and marketing segments.

One of the things I have always most appreciated about our business is that our platform gives us endless opportunity to evolve and grow. We have multiple opportunities for value-creating growth through both organic and tuck-in acquisition initiatives.

Buoyed by the stable underlying growth in the consumer goods end market we serve, we expect additional tailwinds over the next couple of years from:

1. a recovery from temporary COVID softness in portions of our business tied to in-person shopping,
2. accelerated omnichannel service adoption during COVID that we believe likely sticks and continues to grow (e.g., online pickup and delivery sampling), and
3. growth and adoption of our innovative digital and e-commerce solutions.

Despite still not knowing the exact shape a recovery will take because of the uncertainty that remains around the virus, vaccine rollout and timing of the economy reopening, we believe we are well positioned and win under multiple recovery scenarios. Our nimble, asset-light platform affords us the flexibility to adapt and best position the business to weather near-term headwinds and capture long-term tailwinds as the recovery evolves.

We're excited about the opportunities we have to help brands and retailers navigate change coming out of this pandemic. Because we are a critical partner connecting brands and retailers, we benefit from a unique vantage and informational advantages that allow us to better understand where pain points exist in the evolving value chain. This allows us to build solutions that are more effective and efficient in reaching consumers. We serve as a navigator. A sounding board.

We're helping clients position their businesses to win in a post-COVID world. This includes developing and executing strategies that allow clients to successfully navigate challenges in areas such as pricing, promotion, innovation, e-commerce, product demonstrations, private label, supply chain, food service and retail media.



We've got our work cut out for us in 2021. But that's what excites us. New industry challenges are the sparks that ignite new solutions — to make us a more valuable partner and platform.

I'd be remiss after a year like 2020 not to mention a topic so critical to our society and future — ESG. Environmental (E), social (S) and governance (G) issues have long been important at Advantage. It's in our nature, for example, to strive to be more efficient with the resources we deploy, field the most talented and diverse team, and design governance with the interests of owners at heart. We understand we all must do more, though. You will hear more from us on this important topic in the future. We're excited and committed to helping lead on these important topics.

Our commitment to you is to make decisions and build the business with long-term value creation principles in mind — always letting clients' needs serve as the true north that guides our actions and investment. By being good stewards of our clients' businesses and our owners' capital, the results should take care of themselves over time.

We thank you for your investment and continued support.



Tanya Domier

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business, our beliefs and our management's assumptions, including, but not limited to, statements regarding our EBITDA margins, expected returns on reinvested free cash flow, expansion of our business with existing clients and recruiting new clients, the continuing impact of the COVID-19 pandemic and the recovery of our segments therefrom, potential organic and tuck-in acquisition growth opportunities, increased and enduring adoption of our omnichannel services, and growth and adoption of our digital and e-commerce solutions. Such words as "expect," "anticipate," "outlook," "could," "target," "project," "intend," "plan," "believe," "seek," "estimate," "should," "may," "assume" and "continue" as well as variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and they involve certain risks, uncertainties and assumptions that are difficult to predict, including those more fully described in our most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and current reports on Form 8-K. Unless otherwise noted, Advantage is providing this information as of the date of this letter to shareholders and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA is a supplemental non-GAAP financial measure of our operating performance. 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) Advantage Sponsors' management fees and equity-based compensation expense, (vii) fair value adjustments of contingent consideration related to acquisitions, (viii) acquisition-related expenses, (ix) costs associated with COVID-19, net of benefits received, (x) EBITDA for economic interests in investments, (xi) restructuring expenses, (xii) litigation expenses, (xiii) (Recovery from) loss on Take 5, (xiv) costs associated with the Take 5 Matter and (xv) other adjustments that management believes are helpful in evaluating our operating performance.

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 net income (loss), our most directly comparable measure presented on a GAAP basis.



YEAR ENDED DECEMBER 31

(in thousands)	2020	2019	2018	2017	2016	2015	2014 ^(a)	2013	2012	2011	2010 ^(a)	2009	2008
Net (loss) income	\$(161,707)	\$(19,756)	\$(1,151,223)	\$388,042	\$31,165	\$24,886	\$(98,984)	\$35,072	\$4,253	\$(24,442)	\$(34,984)	\$20,622	\$(201,052)
Add:													
Interest expense, net	234,044	232,077	229,643	179,566	167,360	160,895	168,123	106,020	112,426	106,738	96,606	45,989	59,213
(Benefit from) provision for income taxes	(5,331)	1,353	(168,334)	(358,806)	22,623	18,202	(16,965)	17,922	(8,106)	(8,471)	(50)	16,538	(13,074)
Depreciation and amortization	238,598	232,573	225,233	179,990	170,260	164,584	143,954	126,648	144,912	124,644	57,566	60,234	53,189
Impairment of goodwill and indefinite-lived assets	—	—	1,232,000	—	—	—	—	—	—	—	—	26,199	255,211
Sponsors' management fee and equity-based compensation expense	98,119	7,960	(2,432)	9,882	7,622	7,463	3,032	1,724	1,855	1,771	758	668	931
Fair value adjustments related to contingent consideration related to acquisition	13,367	1,516	(54,464)	12,757	(841)	(31,305)	(11,979)	(2,278)	—	—	—	(290)	(5,879)
Acquisition-related expenses	50,823	31,476	61,155	25,251	10,368	9,857	140,423	2,547	719	5,115	65,754	—	—
EBITDA for economic interests in investments	(6,462)	(8,421)	(7,212)	(4,636)	1,778	1,426	(469)	(13,355)	(11,107)	84	—	—	—
Restructuring expenses	39,770	5,385	12,465	7,343	1,890	5,498	—	—	—	—	—	—	—
Litigation expenses	1,980	3,500	1,200	271	(975)	3,984	—	—	—	—	—	—	—
Costs associated with COVID-19, net of benefits received	(11,954)	—	—	—	—	—	—	—	—	—	—	—	—
(Recovery from) loss on Take 5	(7,700)	—	79,165	—	—	—	—	—	—	—	—	—	—
Costs associated with the Take 5 Matter	3,628	16,368	14,178	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA	\$487,175	\$504,031	\$471,374	\$439,660	\$411,250	\$365,490	\$327,135	\$274,300	\$244,952	\$205,439	\$185,650	\$169,960	\$148,539

(a) Net loss and Adjusted EBITDA for the years ended December 31, 2010 and December 31, 2014 represent the mathematical addition of the audited results of successor and predecessor as a result of the acquisitions in the respective periods.





“ Being able to work inside a store and make sure people can eat and have food is an awesome feeling! When a mom comes down the aisle with her kids and they want what I just stocked, my day is better.”

— Robert Brescia

“ While dealing with the pandemic is not easy, going through this will make us stronger and our efforts are tremendously important and incredibly valued. The work we do now to help our community, help our business partners and grow our business will pay dividends down the line.”

— Brett Mitts



WE SALUTE OUR FRONT-LINE TEAMS

Advantage associates are working in stores and warehouses to ensure food and other necessities are available during this challenging time.



“ The public has learned more than ever to appreciate front-line workers. It makes working with the public very gratifying during these unique circumstances. I want to be a positive voice to lift the public's and fellow front-line workers' spirits.”

— Karen Cardona

“ When the pandemic is behind us, I will reflect with pride on the unity of the team and other front-line workers. Without minimizing just how challenging it is, recalling this spirit will always be a fond memory.”

— Crystal Radford

