UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-38990

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

Delaware	**83-4629508**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

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

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

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

As of November 6, 2023, the registrant had 326,393,598 shares of Class A common stock outstanding.

Advantage Solutions Inc.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADVANTAGE SOLUTIONS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands, except share data)	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 171,354	$ 120,715
Restricted cash	16,265	17,817
Accounts receivable, net of allowance for expected credit losses of $32,682 and $22,752, respectively	827,845	869,000
Prepaid expenses and other current assets	103,125	149,476
Total current assets	1,118,589	1,157,008
Property and equipment, net	78,100	70,898
Goodwill	886,825	887,949
Other intangible assets, net	1,740,656	1,897,503
Investments in unconsolidated affiliates	126,991	129,491
Other assets	106,350	119,522
Total assets	$ 4,057,511	$ 4,262,371
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	$ 14,383	$ 13,991
Accounts payable	250,476	261,464
Accrued compensation and benefits	139,096	154,744
Other accrued expenses	179,122	133,173
Deferred revenues	50,830	37,329
Total current liabilities	633,907	600,701
Long-term debt, net of current portion	1,910,013	2,022,819
Deferred income tax liabilities	240,061	297,874
Other long-term liabilities	93,439	111,507
Total liabilities	2,877,420	3,032,901
Commitments and contingencies (Note 9)		
Redeemable noncontrolling interest	3,791	3,746
Equity attributable to stockholders of Advantage Solutions Inc.		
Common stock, $0.0001 par value, 3,290,000,000 shares authorized; 325,774,637 and 319,690,300 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	32	32
Additional paid in capital	3,438,342	3,408,836
Accumulated deficit	(2,327,796)	(2,247,109)
Loans to Karman Topco L.P.	(6,381)	(6,363)
Accumulated other comprehensive loss	(19,312)	(18,849)
Treasury stock, at cost; 1,610,014 shares as of September 30, 2023 and December 31, 2022, respectively	(12,567)	(12,567)
Total equity attributable to stockholders of Advantage Solutions Inc.	1,072,318	1,123,980
Nonredeemable noncontrolling interest	103,982	101,744
Total stockholders' equity	1,176,300	1,225,724
Total liabilities, redeemable noncontrolling interest, and stockholders' equity	$ 4,057,511	$ 4,262,371

See Notes to the Condensed Consolidated Financial Statements.

ADVANTAGE SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
(UNAUDITED)

(in thousands, except share and per share data)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenues	$ 1,096,059	$ 1,051,095	$ 3,145,097	$ 2,946,979
Cost of revenues (exclusive of depreciation and amortization shown separately below)	947,546	908,523	2,740,347	2,536,256
Selling, general, and administrative expenses	76,065	37,945	204,445	138,594
Depreciation and amortization	56,465	57,785	170,307	173,997
Total operating expenses	1,080,076	1,004,253	3,115,099	2,848,847
Operating income	15,983	46,842	29,998	98,132
Other expenses (income):				
Change in fair value of warrant liability	586	(1,100)	587	(21,456)
Interest expense, net	42,302	23,557	119,952	63,628
Total other expenses	42,888	22,457	120,539	42,172
(Loss) income before income taxes	(26,905)	24,385	(90,541)	55,960
(Benefit from) provision for income taxes	(4,323)	1,158	(12,435)	11,523
Net (loss) income	(22,582)	23,227	(78,106)	44,437
Less: net income attributable to noncontrolling interest	1,756	2,168	2,581	1,042
Net (loss) income attributable to stockholders of Advantage Solutions Inc.	(24,338)	21,059	(80,687)	43,395
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(5,709)	(13,616)	(463)	(25,499)
Total comprehensive (loss) income attributable to stockholders of Advantage Solutions Inc.	$ (30,047)	$ 7,443	$ (81,150)	$ 17,896
Basic (loss) earnings per common share	$ (0.07)	$ 0.07	$ (0.25)	$ 0.14
Diluted (loss) earnings per common share	$ (0.07)	$ 0.07	$ (0.25)	$ 0.14
Weighted-average number of common shares:	324,706,866	318,821,895	323,353,308	318,345,565
Weighted-average number of common shares, assuming dilution	324,706,866	319,725,065	323,353,308	319,190,804

See Notes to the Condensed Consolidated Financial Statements.

ADVANTAGE SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Loans to Topco	Accumulated Other Comprehensive Income (Loss)	Advantage Solutions Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
Balance at July 1, 2023	324,481,143	$ 32	1,610,014	$ (12,567)	$ 3,427,490	$ (2,303,458)	$ (6,375)	$ (13,603)	$ 1,091,519	$ 106,087	$ 1,197,606
Comprehensive (loss) income											
Net (loss) income	—	—	—	—	—	(24,338)	—	—	(24,338)	1,622	(22,716)
Foreign currency translation adjustments	—	—	—	—	—	—	—	(5,709)	(5,709)	(3,727)	(9,436)
Total comprehensive (loss) income									(30,047)	(2,105)	(32,152)
Interest on loans to Karman Topco L.P.	—	—	—	—	—	—	(6)	—	(6)	—	(6)
Equity-based compensation of Karman Topco L.P.	—	—	—	—	209	—	—	—	209	—	209
Shares issued under 2020 Employee Stock Purchase Plan	566,464	—	—	—	1,055	—	—	—	1,055	—	1,055
Shares issued under 2020 Incentive Award Plan	727,030	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	9,588	—	—	—	9,588	—	9,588
Balance at September 30, 2023	325,774,637	$ 32	1,610,014	$ (12,567)	$ 3,438,342	$ (2,327,796)	$ (6,381)	$ (19,312)	$ 1,072,318	$ 103,982	$ 1,176,300

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Loans to Topco	Accumulated Other Comprehensive Income (Loss)	Advantage Solutions Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
Balance at July 1, 2022	318,465,449	$ 32	$ 1,610,014	$ (12,567)	$ 3,390,899	$ (844,271)	$ (6,351)	$ (16,362)	$ 2,511,380	$ 90,109	$ 2,601,489
Comprehensive income (loss)											
Net income	—	—	—	—	—	21,059	—	—	21,059	2,092	23,151
Foreign currency translation adjustments	—	—	—	—	—	—	—	(13,616)	(13,616)	(6,824)	(20,440)
Total comprehensive income (loss)									7,443	(4,732)	2,711
Interest on loans to Karman Topco L.P.	—	—	—	—	—	—	(6)	—	(6)	—	(6)
Increase in noncontrolling interest	—	—	—	—	—	—	—	—	—	6,191	6,191
Equity-based compensation of Karman Topco L.P.	—	—	—	—	(828)	—	—	—	(828)	—	(828)
Shares issued under 2020 Employee Stock Purchase Plan	470,786	—	—	—	1,667	—	—	—	1,667	—	1,667
Shares issued under 2020 Incentive Award Plan	739,653	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	6,739	—	—	—	6,739	—	6,739
Balance at September 30, 2022	319,675,888	$ 32	$ 1,610,014	$ (12,567)	$ 3,398,477	$ (823,212)	$ (6,357)	$ (29,978)	$ 2,526,395	$ 91,568	$ 2,617,963

See Notes to the Condensed Consolidated Financial Statements.

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Loans to Topco	Accumulated Other Comprehensive Income (Loss)	Advantage Solutions Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
Balance at January 1, 2023	319,690,300	$ 32	1,610,014	$ (12,567)	$ 3,408,836	$ (2,247,109)	$ (6,363)	$ (18,849)	$ 1,123,980	$ 101,744	$ 1,225,724
Comprehensive (loss) income											
Net (loss) income	—	—	—	—	—	(80,687)	—	—	(80,687)	2,280	(78,407)
Foreign currency translation adjustments	—	—	—	—	—	—	—	(463)	(463)	(42)	(505)
Total comprehensive (loss) income									(81,150)	2,238	(78,912)
Interest on loans to Karman Topco L.P.	—	—	—	—	—	—	(18)	—	(18)	—	(18)
Equity-based compensation of Karman Topco L.P.	—	—	—	—	(3,278)	—	—	—	(3,278)	—	(3,278)
Shares issued under 2020 Employee Stock Purchase Plan	1,241,440	—	—	—	2,248	—	—	—	2,248	—	2,248
Payments for taxes related to net share settlement under 2020 Incentive Award Plan	—	—	—	—	(1,277)	—	—	—	(1,277)	—	(1,277)
Shares issued under 2020 Incentive Award Plan	4,842,897	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	31,813	—	—	—	31,813	—	31,813
Balance at September 30, 2023	325,774,637	$ 32	1,610,014	$ (12,567)	$ 3,438,342	$ (2,327,796)	$ (6,381)	$ (19,312)	$ 1,072,318	$ 103,982	$ 1,176,300

(in thousands, except share data)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Loans to Topco	Accumulated Other Comprehensive Income (Loss)	Advantage Solutions Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Stockholders' Equity
Balance at January 1, 2022	316,963,552	$ 32	1,610,014	$ (12,567)	$ 3,373,278	$ (866,607)	$ (6,340)	$ (4,479)	$ 2,483,317	$ 97,084	$ 2,580,401
Comprehensive income (loss)											
Net income	—	—	—	—	—	43,395	—	—	43,395	918	44,313
Foreign currency translation adjustments	—	—	—	—	—	—	—	(25,499)	(25,499)	(12,625)	(38,124)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	17,896	(11,707)	6,189
Interest on loans to Karman Topco L.P.	—	—	—	—	—	—	(17)	—	(17)	—	(17)
Increase in noncontrolling interest	—	—	—	—	—	—	—	—	—	6,191	6,191
Equity-based compensation of Karman Topco L.P.	—	—	—	—	(7,142)	—	—	—	(7,142)	—	(7,142)
Shares issued under 2020 Employee Stock Purchase Plan	713,213	—	—	—	3,320	—	—	—	3,320	—	3,320
Shares issued under 2020 Incentive Award Plan	1,999,123	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	29,021	—	—	—	29,021	—	29,021
Balance at September 30, 2022	319,675,888	$ 32	1,610,014	$ (12,567)	$ 3,398,477	$ (823,212)	$ (6,357)	$ (29,978)	$ 2,526,395	$ 91,568	$ 2,617,963

See Notes to the Condensed Consolidated Financial Statements.

ADVANTAGE SOLUTIONS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Nine Months Ended September 30, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (78,106)	$ 44,437
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Noncash interest income	(12,630)	(41,092)
Amortization of deferred financing fees	6,387	6,673
Depreciation and amortization	170,307	173,997
Change in fair value of warrant liability	587	(21,456)
Fair value adjustments related to contingent consideration	11,591	5,448
Deferred income taxes	(56,716)	(28,561)
Equity-based compensation of Karman Topco L.P.	(3,278)	(7,142)
Stock-based compensation	32,510	29,906
Equity in earnings of unconsolidated affiliates	(4,132)	(6,480)
Distribution received from unconsolidated affiliates	1,611	1,339
Loss on sale of businesses	20,208	2,953
Gain on repurchases of Term Loan Facility debt	(5,241)	—
Loss on disposal of property and equipment	782	608
Changes in operating assets and liabilities, net of effects from divestitures and purchases of businesses:		
Accounts receivable, net	34,095	(45,383)
Prepaid expenses and other assets	47,635	(45,087)
Accounts payable	(5,731)	(7,914)
Accrued compensation and benefits	(14,757)	(26,316)
Deferred revenues	13,652	(156)
Other accrued expenses and other liabilities	21,938	46,176
Net cash provided by operating activities	180,712	81,950
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of businesses, net of cash acquired	—	(74,146)
Purchase of investment in unconsolidated affiliates	(3,023)	(775)
Purchase of property and equipment	(29,658)	(30,037)
Proceeds from divestitures	12,763	1,896
Proceeds from sale of investment in unconsolidated affiliates	4,428	—
Net cash used in investing activities	(15,490)	(103,062)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under lines of credit	77,884	140,599
Payments on lines of credit	(77,222)	(139,684)
Proceeds from government loans for COVID-19 relief	1,339	—
Principal payments on long-term debt	(10,172)	(10,427)
Repurchases of Term Loan Facility debt	(103,954)	—
Proceeds from issuance of common stock	2,248	3,320
Payments for taxes related to net share settlement under 2020 Incentive Award Plan	(1,277)	—
Contingent consideration payments	(1,867)	(23,164)
Holdback payments	(1,598)	(8,557)
Contribution from noncontrolling interest	—	5,217
Redemption of noncontrolling interest	(154)	(224)
Net cash used in financing activities	(114,773)	(32,920)
Net effect of foreign currency changes on cash	(1,362)	(12,311)
Net change in cash, cash equivalents and restricted cash	49,087	(66,343)
Cash, cash equivalents and restricted cash, beginning of period	138,532	180,637
Cash, cash equivalents and restricted cash, end of period	$ 187,619	$ 114,294
SUPPLEMENTAL CASH FLOW INFORMATION		
Purchase of property and equipment recorded in accounts payable and accrued expenses	$ 437	$ 1,409

See Notes to the Condensed Consolidated Financial Statements.

ADVANTAGE SOLUTIONS INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Organization and Significant Accounting Policies

Advantage Solutions Inc. (the “Company”) is a provider of outsourced solutions to consumer goods companies and retailers. The Company’s Class A common stock is listed on the Nasdaq Global Select Market under the symbol “ADV” and warrants to purchase the Class A common stock at an exercise price of $11.50 per share are listed on the Nasdaq Global Select Market under the symbol “ADVWW”.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. The unaudited condensed consolidated financial statements do not include all of the information required by accounting principles generally accepted in the United States (“GAAP”). The Condensed Consolidated Balance Sheet at December 31, 2022 was derived from the audited Consolidated Balance Sheet at that date and does not include all the disclosures required by GAAP. In the opinion of management, all adjustments which are of a normal recurring nature and necessary for a fair statement of the results as of September 30, 2023 and for the three and nine months ended September 30, 2023 and 2022 have been reflected in the condensed consolidated financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2022 and the related footnotes thereto. Operating results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected during the remainder of the current year or for any future period.

Certain prior period balances have been reclassified to conform to the current Consolidated Statements of Cash Flows. These reclassifications had no impact on previously reported Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive (Loss) Income, and Consolidated Statements of Stockholders’ Equity.

Revenue Recognition

The Company recognizes revenue when control of promised goods or services are transferred to the client in an amount that reflects the consideration that the Company expects to be entitled to in exchange for such goods or services. Substantially all of the Company’s contracts with clients involve the transfer of a service to the client, which represents a performance obligation that is satisfied over time because the client simultaneously receives and consumes the benefits of the services provided. In most cases, the contracts provide for a performance obligation that is comprised of a series of distinct services that are substantially the same and that have the same pattern of transfer (i.e., distinct days of service). For these contracts, the Company allocates the ratable portion of the consideration based on the services provided in each period of service to such period.

Revenues related to the sales segment are primarily recognized in the form of commissions, fee-for-service, or on a cost-plus basis for providing headquarter relationship management, analytics, insights and intelligence services, administrative services, retail merchandising services, retailer-client relationships and in-store media programs, and digital technology solutions (which include business intelligence solutions, e-commerce services, and content services).

Marketing segment revenues are primarily recognized in the form of fee-for-service (including retainer fees, fees charged to clients based on hours incurred, project-based fees, or fees for executing in-person consumer engagements or experiences, which engagements or experiences the Company refers to as “events”), commissions, or on a cost-plus basis for providing experiential marketing, shopper and consumer marketing services, private label development and digital, social, and media services.

The Company disaggregates revenues from contracts with clients by reportable segment. Revenues within each segment are further disaggregated between brand-centric services and retail-centric services. Brand-centric services are centered on providing solutions to support manufacturers' sales and marketing strategies. Retail-centric services are centered on providing solutions to retailers.

Disaggregated revenues were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(in thousands)				
Sales brand-centric services	$ 352,197	$ 343,478	$ 1,033,629	$ 1,005,707
Sales retail-centric services	276,349	302,768	808,089	836,640
Total sales revenues	628,546	646,246	1,841,718	1,842,347
Marketing brand-centric services	137,026	143,241	395,770	393,155
Marketing retail-centric services	330,487	261,608	907,609	711,477
Total marketing revenues	467,513	404,849	1,303,379	1,104,632
Total revenues	$ 1,096,059	$ 1,051,095	$ 3,145,097	$ 2,946,979

Contract liabilities represent deferred revenues which are cash payments that are received in advance of the Company's satisfaction of the applicable obligation and are included in Deferred revenues in the Condensed Consolidated Balance Sheets. Deferred revenues are recognized as revenues when the related services are performed for the client. Revenues recognized during the three and nine months ended September 30, 2023 that were included in Deferred revenues as of December 31, 2022 were $3.8 million and $21.9 million, respectively. Revenues recognized during the three and nine months ended September 30, 2022 that were included in Deferred revenues as of December 31, 2021 were $1.4 million and $29.2 million, respectively.

2. Divestitures and Acquisitions

2023 Divestitures

During the nine months ended September 30, 2023, the Company recognized a loss on the sale of businesses of $17.5 million, as a component of "Selling, general, and administrative expenses" in the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income. The Company determined that the sale of the businesses did not meet the criteria for classification as discontinued operations. The Company received $12.8 million of proceeds, which are net of transaction fees and holdbacks.

2022 Acquisitions

During the nine months ended September 30, 2022, the Company acquired two sales businesses and two marketing businesses. The acquisitions were accounted for under the acquisition method of accounting. As such, the purchase consideration for each acquired business was allocated to the acquired tangible and intangible assets and liabilities assumed based upon their respective fair values. Assets acquired and liabilities assumed in the business combination were recorded on the Company's financial statements as of the acquisition date based upon the estimated fair value at such date. The excess of the purchase consideration over the estimated fair value of the net tangible and identifiable intangible assets acquired was recorded as goodwill. The results of operations of each acquired business have been included in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) since its respective date of acquisition.

The aggregate purchase price for the acquisitions referenced above was $75.5 million, which includes $74.1 million paid in cash, $0.5 million recorded as contingent consideration liabilities, and $0.8 million recorded as holdback amounts. Contingent consideration payments are determined based on future financial performance and payment obligations (as defined in the applicable purchase agreement) and are recorded at fair value. The maximum potential payment outcome related to the acquisitions is $1.6 million. Holdback amounts are used to withhold a portion of the initial purchase price payment until certain post-closing conditions are satisfied and are typically settled within 18 months of the acquisition. The goodwill related to the acquisitions represented the value paid for the assembled workforce, geographic presence, and expertise. Of the resulting goodwill relating to these acquisitions, $0.8 million is deductible for tax purposes.

The Company acquired a 70% ownership interest in one acquisition, which also includes a put option exercisable by each of the 12% and 18% noncontrolling interest holders that allows the 12% holder to sell its 12% noncontrolling interest to the Company, and the 18% holder to sell 8% of its noncontrolling interest to Company, for a multiple of the acquired subsidiary's adjusted earnings. As the put option is outside of the Company's control, the estimated value of the 20% noncontrolling interest is presented as a redeemable noncontrolling interest outside of permanent equity on the Condensed Consolidated Balance Sheets.

The fair values of the identifiable assets and liabilities of the acquisitions completed during the nine months ended September 30, 2022, as of the applicable acquisition dates, are as follows:

(in thousands)		
Consideration		
Cash	$	74,146
Holdbacks		810
Fair value of contingent consideration		510
Total consideration	$	75,466
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Assets		
Accounts receivable	$	9,409
Other assets		3,446
Identifiable intangible assets		25,546
Total assets		38,401
Liabilities		
Accounts payable		7,363
Deferred tax liabilities and other		8,744
Total liabilities		16,107
Redeemable noncontrolling interest		1,987
Noncontrolling interest		974
Total identifiable net assets		19,333
Goodwill arising from acquisitions	$	56,133

The identifiable intangible assets are amortized on a straight-line basis over their estimated useful lives. The fair value and estimated useful lives of the intangible assets acquired are as follows:

(in thousands)		Amount	Weighted Average Useful Life
Client relationships	$	24,413	6 years
Trade names		1,133	10 years
Total identifiable intangible assets	$	25,546	

The operating results of the businesses acquired during the nine months ended September 30, 2022 contributed total revenues of $12.8 million and $21.3 million in the three and nine months ended September 30, 2022, respectively. The Company has determined that the presentation of net income from the date of acquisition is impracticable due to the integration of the operations upon acquisition. During the three and nine months ended September 30, 2022, the Company incurred immaterial amounts in transaction costs related to the acquisitions described above. These costs have been included in “Selling, general, and administrative expenses” in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

3. Goodwill and Intangible Assets

Changes in goodwill for the nine months ended September 30, 2023 are as follows:

(in thousands)	Sales	Marketing	Total
Balance at January 1, 2022	$ 1,492,771	$ 713,233	$ 2,206,004
Acquisitions	5,732	52,855	58,587
Measurement period adjustments	(392)	—	(392)
Impairment charge	(1,275,719)	(91,804)	(1,367,523)
Foreign exchange translation effects	(8,727)	—	(8,727)
Balance at December 31, 2022	213,665	674,284	887,949
Measurement period adjustments	350	—	350
Divestitures	(1,664)	—	(1,664)
Foreign exchange translation effects	190	—	190
Balance at September 30, 2023	$ 212,541	$ 674,284	$ 886,825

Accumulated impairment losses related to goodwill were $2,019.5 million as of September 30, 2023 and December 31, 2022, of which, $1,927.7 million and $91.8 million were for the Company's sales and marketing reporting units respectively.

The following tables set forth information for intangible assets:

	September 30, 2023				
(amounts in thousands)	Weighted Average Useful Life	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment Charges	Net Carrying Value
Finite-lived intangible assets:					
Client relationships	14 years	$ 2,473,491	$ 1,471,093	$ —	$ 1,002,398
Trade names	10 years	96,992	55,874	—	41,118
Developed technology	6 years	3,100	960	—	2,140
Total finite-lived intangible assets		2,573,583	1,527,927	—	1,045,656
Indefinite-lived intangible assets:					
Trade names		1,480,000	—	785,000	695,000
Total other intangible assets		$ 4,053,583	$ 1,527,927	$ 785,000	$ 1,740,656

	December 31, 2022				
(amounts in thousands)	Weighted Average Useful Life	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment Charges	Net Carrying Value
Finite-lived intangible assets:					
Client relationships	14 years	$ 2,488,802	$ 1,338,381	$ —	$ 1,150,421
Trade names	10 years	97,009	47,986	—	49,023
Developed technology	6 years	7,500	4,441	—	3,059
Total finite-lived intangible assets		2,593,311	1,390,808	—	1,202,503
Indefinite-lived intangible assets:					
Trade names		1,480,000	—	785,000	695,000
Total other intangible assets		$ 4,073,311	$ 1,390,808	$ 785,000	$ 1,897,503

Amortization of intangible assets was $49.2 million and $50.0 million for the three months ended September 30, 2023 and 2022, respectively, and $148.5 million and $150.9 million for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, estimated future amortization expense of the Company's finite-lived intangible assets are as follows:

(in thousands)		
Remainder of 2023	$	49,062
2024		195,570
2025		189,520
2026		185,527
2027		180,976
Thereafter		245,001
Total amortization expense	$	1,045,656

4. Debt

(in thousands)		September 30, 2023		December 31, 2022
Term Loan Facility	$	1,177,367	$	1,298,500
Notes		775,000		775,000
Government loans for COVID-19 relief		5,051		4,480
Other		950		1,207
Total long-term debt		1,958,368		2,079,187
Less: current portion		14,383		13,991
Less: debt issuance costs		33,972		42,377
Long-term debt, net of current portion	$	1,910,013	$	2,022,819

As of September 30, 2023, the Company had $1.18 billion of debt outstanding under the Term Loan Facility and $775.0 million of debt outstanding under the Notes (both as defined in the Annual Report on Form 10-K filed March 1, 2023 for the year ended December 31, 2022 (the "2022 Annual Report")) with maturity dates of October 28, 2027 and November 15, 2028, respectively. Term Loan Facility bears interest at a floating rate of Term SOFR plus an applicable margin of 4.50% per annum, subject to additional spread adjustment on SOFR ranging from 0.11% to 0.26%. Interest on the Notes is payable semi-annually in arrears at a rate of 6.50% per annum.

The Company was in compliance with all of its affirmative and negative covenants under the Term Loan Facility and Notes as of September 30, 2023. In addition, the Company is required to repay the principal under the Term Loan Facility in the greater amount of its excess cash flow, as such term is defined in the agreement governing the Term Loan Facility, or $13.3 million, per annum, in quarterly payments. The Company made the minimum quarterly principal payments of $3.3 million and $9.9 million during the three and nine months ended September 30, 2023 and 2022, respectively. No payments under the excess cash flow calculation were required in such periods. In May 2023 (the "Second Lien Amendment Effective Date"), the Company amended the Term Loan Facility to replace the U.S. Dollar LIBOR provisions with SOFR, effective June 30, 2023.

The Company voluntarily repurchased an aggregate of $56.8 million and $111.2 million principal amount of its Term Loan Facility during the three and nine months ended September 30, 2023, respectively. The Company recognized a gain on the repurchase of an immaterial amount and $5.2 million for the three and nine months ended September 30, 2023, respectively, as a component of "Interest expense, net" in the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

As of September 30, 2023, the Company had no borrowings under the Revolving Credit Facility (as defined in the 2022 Annual Report). All borrowings under the Revolving Credit Facility are subject to the satisfaction of certain customary conditions. Borrowings under the credit agreement bear interest at a floating rate, which at the option may be either (i) a base rate or Canadian Prime Rate plus an applicable margin of 0.75%, 1.00%, or 1.25%

per annum or (ii) Term SOFR or Alternative Currency Spread plus an applicable margin of 1.75%, 2.00% or 2.25% per annum. The Company is required to pay a commitment fee ranging from 0.250% to 0.375% per annum in respect of the average daily unused commitments under the Revolving Credit Facility.

5. Fair Value of Financial Instruments

The Company measures fair value based on the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on a three-tier hierarchy that prioritizes the inputs used to measure fair value. These tiers include: Level 1, defined as observable inputs, such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following table sets forth the Company's financial assets and liabilities measured on a recurring basis at fair value, categorized by input level within the fair value hierarchy.

	September 30, 2023			
(in thousands)	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Derivative financial instruments	$ 39,273	$ —	$ 39,273	$ —
Total assets measured at fair value	$ 39,273	$ —	$ 39,273	$ —
Liabilities measured at fair value				
Warrant liability	$ 1,540	$ —	$ 1,540	$ —
Contingent consideration liabilities	24,241	—	—	24,241
Total liabilities measured at fair value	$ 25,781	$ —	$ 1,540	$ 24,241

	December 31, 2022			
(in thousands)	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value				
Derivative financial instruments	$ 47,493	$ —	$ 47,493	$ —
Total assets measured at fair value	$ 47,493	$ —	$ 47,493	$ —
Liabilities measured at fair value				
Warrant liability	$ 953	$ —	$ 953	$ —
Contingent consideration liabilities	20,334	—	—	20,334
Total liabilities measured at fair value	$ 21,287	$ —	$ 953	$ 20,334

Interest Rate Cap Agreements

The Company had interest rate cap contracts with an aggregate notional value of principal of $650.0 million as of September 30, 2023 and December 31, 2022, respectively, from various financial institutions to manage the Company's exposure to interest rate movements on variable rate credit facilities. The Company also had two interest rate collar contracts in an aggregate notional amount of $300.0 million with maturity dates of April 5, 2026.

The fair value of the Company's outstanding interest rate caps and collars of $39.2 million and $47.5 million were included in "Prepaid expenses and other current assets" in the Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022, respectively, with changes in fair value recognized as a component of "Interest expense, net" in the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

During the three months ended September 30, 2023 and 2022, the Company recorded a gain of $3.2 million and a gain of $14.5 million, respectively, within Interest expense, net, related to changes in the fair value of its derivative instruments. During the nine months ended September 30, 2023 and 2022, the Company recorded a gain of $12.6 million and a gain of $41.1 million, respectively, within Interest expense, net, related to changes in the fair value of its derivative instruments.

Contingent Consideration Liabilities

During each reporting period, the Company measures the fair value of its contingent consideration liabilities by evaluating the significant unobservable inputs and probability weightings using Monte Carlo simulations. Any resulting decreases or increases in the fair value result in a corresponding gain or loss reported in “Selling, general, and administrative expenses” in the Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

As of September 30, 2023, the maximum potential payment outcomes were $76.1 million. The following table summarizes the changes in the carrying value of estimated contingent consideration liabilities:

	September 30,	
(in thousands)	**2023**	**2022**
Beginning of the period	$ 20,334	$ 58,366
Fair value of acquisitions	—	510
Changes in fair value	11,591	5,448
Payments	(7,684)	(23,164)
Foreign exchange translation effects	—	(729)
End of the period	$ 24,241	$ 40,431

Long-term Debt

The following table sets forth the carrying values and fair values of the Company’s financial liabilities measured on a recurring basis, categorized by input level within the fair value hierarchy:

(in thousands)	**Carrying Value**	**Fair Value (Level 2)**
Balance at September 30, 2023		
Term Loan Facility	$ 1,177,367	$ 1,229,409
Notes	775,000	748,065
Government loans for COVID-19 relief	5,051	4,429
Other	950	950
Total long-term debt	$ 1,958,368	$ 1,982,853

(in thousands)	**Carrying Value**	**Fair Value (Level 2)**
Balance at December 31, 2022		
Term Loan Facility	$ 1,298,500	$ 1,372,125
Notes	775,000	736,517
Government loans for COVID-19 relief	4,480	4,723
Other	1,207	1,207
Total long-term debt	$ 2,079,187	$ 2,114,572

Investment in Unconsolidated Affiliates

During the third quarter of 2023, the Company recorded other-than-temporary impairment charges of $2.7 million in “Selling, general, and administrative expenses” in the Consolidated Statements of Operations and Comprehensive (Loss) Income related to an equity method investee. The Company determined that the decline in fair value was other than temporary in nature based on the extent to which the market value of the Company’s equity investment was determined to be less than its carrying value and the financial condition and near-term prospects for its recovery in the market value.

6. Related Party Transactions

Beginning February 2023, an officer of the Company has served as a member of the board of directors of a client of the Company. The Company recognized $1.2 million and $3.2 million of revenues from such client during the three and nine months ended September 30, 2023, respectively. Accounts receivable from this client were $0.6 million as of September 30, 2023.

Beginning July 2023, a member of the board of directors of the Company has served as an officer of a client of the Company. The Company recognized $4.0 million of revenues from such client during the three months ended September 30, 2023. Accounts receivable from this client were $2.6 million as of September 30, 2023.

Investment in Unconsolidated Affiliates

During the three months ended September 30, 2023 and 2022, the Company recognized revenues of $6.9 million and $4.4 million, respectively, from a parent company of an unconsolidated affiliate. During the nine months ended September 30, 2023 and 2022, the Company recognized revenues of $15.2 million and $11.1 million, respectively, from the parent company of an unconsolidated affiliate. Accounts receivable from the parent company of an unconsolidated affiliate were $2.8 million and $1.7 million as of September 30, 2023 and December 31, 2022, respectively.

7. Income Taxes

The Company’s effective tax rates were 16.1% and 4.7% for the three months ended September 30, 2023 and 2022, respectively. The effective tax rate is based upon the estimated income or loss before taxes for the year, by jurisdiction, and adjusted for estimated permanent tax adjustments. The fluctuation in the Company’s effective tax rate was primarily due to the three month pretax book income/loss differences and the remeasurement of deferred tax liability of $5.0 million due to the state tax rate change for the three months ended September 30, 2022.

The Company’s effective tax rates were 13.7% and 20.6% for the nine months ended September 30, 2023 and 2022, respectively. The fluctuation in the Company’s effective tax rate was primarily due to a difference in projected book income/loss used in the annual effective tax rate, the nine month pretax book income/loss differences, the application of the shortfall of $4.5 million of stock-based compensation for the nine months ended September 30, 2023 compared to the shortfall of $2.4 million of stock-based compensation for the nine months ended September 30, 2022, and the remeasurement of deferred tax liability of $5.0 million due to the state tax rate change for the nine months ended September 30, 2022.

8. Segments

The Company’s operations are organized into two reportable segments: sales and marketing. The operating segments reported below are the segments of the Company for which separate financial information is available and for which segment results are evaluated regularly by the chief operating decision maker (i.e., the Company’s Chief Executive Officer) in deciding how to allocate resources and in assessing performance. Through the Company’s sales segment, the Company serves as a strategic intermediary between consumer goods manufacturers and retailer partners and performs critical merchandising services on behalf of both consumer goods manufacturers and retailer partners. Through the Company’s marketing segment, the Company develops and executes marketing programs for consumer goods manufacturers and retailers. These reportable segments are organized by the types of services provided, similar economic characteristics, and how the Company manages its business. The assets and liabilities of the Company are managed centrally and are reported internally in the same manner as the consolidated financial statements; therefore, no additional information is produced or included herein. The Company and its chief operating decision maker evaluate performance based on revenues and operating (loss) income.

(in thousands)	Sales		Marketing		Total	
Three Months Ended September 30, 2023						
Revenues	$	628,546	$	467,513	$	1,096,059
Depreciation and amortization	$	38,896	$	17,569	$	56,465
Operating income	$	5,995	$	9,988	$	15,983
Three Months Ended September 30, 2022						
Revenues	$	646,246	$	404,849	$	1,051,095
Depreciation and amortization	$	39,798	$	17,987	$	57,785
Operating income	$	31,765	$	15,077	$	46,842

(in thousands)	Sales		Marketing		Total	
Nine Months Ended September 30, 2023						
Revenues	$	1,841,718	$	1,303,379	$	3,145,097
Depreciation and amortization	$	118,100	$	52,207	$	170,307
Operating income	$	8,972	$	21,026	$	29,998
Nine Months Ended September 30, 2022						
Revenues	$	1,842,347	$	1,104,632	$	2,946,979
Depreciation and amortization	$	121,310	$	52,687	$	173,997
Operating income	$	65,915	$	32,217	$	98,132

9. Commitments and Contingencies

Litigation

The Company is involved in various legal matters that arise in the ordinary course of its business. Some of these legal matters purport or may be determined to be class and/or representative actions, or seek substantial damages, or penalties. The Company has accrued amounts in connection with certain legal matters, including with respect to certain of the matters described below. There can be no assurance, however, that these accruals will be sufficient to cover such matters or other legal matters or that such matters or other legal matters will not materially or adversely affect the Company's financial position, liquidity, or results of operations. The Company is involved in various litigation and arbitration matters, including purported class or representative actions with respect to matters arising under the California Labor Code and Private Attorneys General Act, and commercial disputes with clients, vendors and third-party sellers of businesses. In April 2018, the Company acquired the business of Take 5 Media Group ("Take 5"). As a result of an investigation into that business in 2019 that identified certain misconduct, the Company terminated all operations of Take 5 in July 2019 and offered refunds to clients of collected revenues attributable to the period after the Company's acquisition. The Company refers to the foregoing as the Take 5 Matter. The Company voluntarily disclosed to the United States Attorney's Office and the Federal Bureau of Investigation certain misconduct occurring at Take 5. The Company intends to cooperate in this and any other governmental investigations that may arise in connection with the Take 5 Matter. In October 2022, an arbitrator made a final award in favor of the Company. The Company is currently unable to estimate if or when it will be able to collect any amounts associated with this arbitration. The Take 5 Matter may result in additional litigation against the Company, including lawsuits from clients, or governmental investigations, which may expose the Company to potential liability in excess of the amounts offered by the Company as refunds to Take 5 clients. The Company is currently unable to determine the amount of any potential liability, costs or expenses (above the amounts previously offered as refunds) that may result from any lawsuits or investigations associated with the Take 5 Matter or determine whether any such issues will have any future material adverse effect on the Company's financial position, liquidity, or results of operations. In June 2023, the Company received $1.7 million in insurance proceeds with respect to the arbitration dispute involving the Take 5 Matter.

10. Stock-Based Compensation

The Company has issued nonqualified stock options, restricted stock units, and performance restricted stock units under the Advantage Solutions Inc. 2020 Incentive Award Plan (the "Plan"). The Company's restricted stock units and performance restricted stock units, as described below, are expensed and reported as non-vested shares. The Company recognized stock-based compensation expense and equity-based compensation expense associated with the Common Series C Units of Karman Topco L.P. as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Restricted share-based unit awards	$ 6,728	$ 7,023	$ 19,476	$ 18,297
Other share-based awards	3,346	(319)	9,367	8,721
Total share-based compensation before tax	10,074	6,704	28,843	27,018
Tax benefit	2,432	1,457	6,729	5,986
Total share-based compensation expense included in net income	$ 7,642	$ 5,247	$ 22,114	$ 21,032

Performance Restricted Stock Units

Performance restricted stock units ("PSUs") are subject to the achievement of certain performance conditions based on the Company's revenues ("PSU Revenues") and Adjusted EBITDA ("PSU EBITDA") targets in the respective measurement period and the recipient's continued service to the Company. The PSUs are scheduled to vest over a three-year period from the date of grant and may vest from 0% to 150% of the number of shares set forth in the table below. The number of PSUs earned shall be adjusted to be proportional to the partial performance between the Threshold Goals, Target Goals and Maximum Goals. Details for each aforementioned defined term for each grant have been provided in the table below.

During the first quarter of 2023, the Compensation Committee determined that the achievement of the performance objective applicable to the PSU EBITDA 2022 objective did not meet the minimum threshold and the achievement of the performance objective applicable to the PSU Revenues 2022 objective was 83.2% of Target Goals. The performance period for those awards ended on December 31, 2022 but remain subject to service-based vesting conditions.

The fair value of PSU grants was equal to the closing price of the Company's stock on the date of the applicable grant. The maximum potential expense if the Maximum Goals were met for these awards has been provided in the table below. Recognition of expense associated with performance-based stock is not permitted until achievement of the performance targets are probable of occurring. The measurement period is based on the twelve months of the respective fiscal year.

Measurement Period	Number of Shares Threshold	Number of Shares Target	Number of Shares Maximum	Weighted Average Fair Value per Share	Maximum Remaining Unrecognized Compensation Expense	Weighted-average remaining requisite service periods
(in thousands, except share and per share data)						
2023	3,206,008	6,412,016	9,618,024	$ 2.00	$ 14,328,303	2.6 years
2022	524,956	524,956	524,956	$ 5.37	$ 1,076,358	1.6 years
2021	206,966	206,966	340,939	$ 10.26	$ 343,700	0.4 years

The following table summarizes the PSU activity for the nine months ended September 30, 2023:

	Performance Share Units		Weighted Average Grant Date Fair Value
Outstanding at January 1, 2023	6,373,064	$	7.05
Granted	6,746,648	$	2.00
Distributed	(1,409,141)	$	9.58
Forfeited	(1,263,235)	$	5.73
PSU performance adjustment	(3,169,425)	$	5.40
Outstanding at September 30, 2023	7,277,911	$	2.63

Restricted Stock Units

Restricted stock units ("RSUs") are subject to the recipient's continued service to the Company. The RSUs are generally scheduled to vest over three years and are subject to the provisions of the agreement under the Plan.

During the nine months ended September 30, 2023, the following activities involving RSUs occurred under the Plan:

	Number of RSUs		Weighted Average Grant Date Fair Value
Outstanding at January 1, 2023	9,576,760	$	5.91
Granted	15,543,125	$	2.01
Distributed	(4,184,315)	$	6.03
Forfeited	(2,032,916)	$	3.64
Outstanding at September 30, 2023	18,902,654	$	2.92

As of September 30, 2023, the total remaining unrecognized compensation cost related to RSUs amounted to $57.4 million, which is expected to be amortized over the weighted-average remaining requisite service periods of 2.8 years.

Stock Options

During the nine months ended September 30, 2023, the following activities involving stock options occurred under the Plan:

	Stock Options		Weighted Average Exercise Price
Outstanding at January 1, 2023	2,115,664	$	3.92
Granted	16,400,000	$	6.05
Forfeited	(1,410,443)	$	3.92
Cancelled/Expired	(315,221)	$	5.99
Outstanding at September 30, 2023	16,790,000	$	5.96

The fair value of the employee stock options granted was estimated using the following weighted average assumptions for the nine months ended:

	September 30,	
	2023	2022
Share price	$ 2.13	$ 5.99
Exercise price	$ 6.05	$ 5.99
Dividend yield	0.0%	0.0%
Expected volatility	40.0%	30.0%
Risk-free interest rate	3.5%	2.0%
Expected term	6.5 years	6.5 years

As of September 30, 2023, the Company had approximately $7.1 million of total unrecognized compensation expense related to stock options, net of related forfeiture estimates, which the Company expects to recognize over a weighted-average period of approximately 3.8 years. The aggregate intrinsic value of all outstanding options as of September 30, 2023 was $2.9 million. The intrinsic value of a stock option is the amount by which the market value of the underlying common stock exceeds the exercise price of the option. There were no options exercised during the nine months ended September 30, 2023 and 2022.

11. Earnings Per Share

The Company calculates earnings per share using a dual presentation of basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income attributable to stockholders of the Company by the weighted-average shares of common stock outstanding without the consideration for potential dilutive shares of common stock. Diluted earnings per share represents basic earnings per share adjusted to include the potentially dilutive effect of performance stock units, restricted stock units, public and private placement warrants, the employee stock purchase plan and stock options. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding and the potential dilutive shares of common stock for the period determined using the treasury stock method. During periods of net loss, diluted loss per share is equal to basic loss per share because the antidilutive effect of potential common shares is disregarded.

The following is a reconciliation of basic and diluted net earnings per common share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except share and earnings per share data)	**2023**	**2022**	**2023**	**2022**
Basic earnings per share computation:				
Numerator:				
Net (loss) income attributable to stockholders of Advantage Solutions Inc.	$ (24,338)	$ 21,059	$ (80,687)	$ 43,395
Denominator:				
Weighted average common shares - basic	324,706,866	318,821,895	323,353,308	318,345,565
Basic (loss) earnings per common share	$ (0.07)	$ 0.07	$ (0.25)	$ 0.14
Diluted earnings per share computation:				
Numerator:				
Net (loss) income attributable to stockholders of Advantage Solutions Inc.	$ (24,338)	$ 21,059	$ (80,687)	$ 43,395
Denominator:				
Weighted average common shares outstanding	324,706,866	318,821,895	323,353,308	318,345,565
Restricted and Performance Stock Units	—	602,566	—	496,968
Employee stock purchase plan and stock options	—	300,604	—	348,271
Weighted average common shares - diluted	324,706,866	319,725,065	323,353,308	319,190,804
Diluted (loss) earnings per common share	$ (0.07)	$ 0.07	$ (0.25)	$ 0.14

The Company had 18,578,321 warrants to purchase Class A common stock at $11.50 per share outstanding at September 30, 2023 and 2022, respectively, which have been excluded in the calculation of diluted earnings per common share, as the weighted average market price of the common stock during the three and nine months ended September 30, 2023 and 2022 did not exceed the exercise price of the warrants.

In accordance with the treasury method the weighted average shares outstanding assuming dilution include the incremental effect of stock-based awards, except when such effect would be antidilutive. Stock-based awards in accordance with the treasury stock method were 8.7 million and 4.0 million during the three and nine months ended September 30, 2023, respectively, but were not included in the computation of diluted loss per common share, because the net loss position of the Company made them antidilutive. In addition, PSUs related to 7.3 million shares assuming achievement of the Target Goals were outstanding for the nine months ended September 30, 2023 and 2022, respectively, but were not included in the computation of diluted (loss) earnings per common share, as the performance targets were not yet met during the nine months ended September 30, 2023 and 2022, respectively.

12. Subsequent Events

In October 2023, the Company entered into an agreement and sold a business unit within its sales segment for cash consideration of $10.0 million subject to working capital and performance adjustments, which the transaction did not meet the criteria for held-for-sale classification as of September 30, 2023.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Quarterly Report”), including the section titled “Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including 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. 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, although not all forward-looking statements contain such terms. These statements are not guarantees of future performance and they involve certain risks, uncertainties and assumptions that are difficult to predict. We have based our forward-looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied or forecasted by our forward-looking statements. More information regarding these risks and uncertainties and other important factors that could cause actual results to differ materially from those in the forward-looking statements is set forth in “Risk Factors” of our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2023. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. Except as required under the federal securities laws and the rules and regulations of the Securities and Exchange Commission, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions or otherwise.

Executive Overview

We are a leading business solutions provider to consumer goods manufacturers and retailers. We have a strong platform of competitively advantaged sales and marketing services built over multiple decades – essential, 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 use a scaled platform to innovate as a trusted partner with our clients, solving problems to increase their efficiency and effectiveness across a broad range of channels.

We have two reportable segments: sales and marketing.

Through our sales segment, which generated approximately 58.6% and 63.1% of our total revenues in the nine months ended September 30, 2023 and 2022, respectively, we offer headquarter sales representation services to consumer goods manufacturers, for whom we prepare and present to retailers a business case to increase distribution of manufacturers' products and optimize how they are displayed, priced and promoted. We also make in-store merchandising visits for both manufacturer and retailer clients to ensure the products are adequately stocked and properly displayed.

Through our marketing segment, which generated approximately 41.4% and 36.9% of our total revenues in the nine months ended September 30, 2023 and 2022, respectively, we help brands and retailers reach consumers through two main categories within the marketing segment. The first and largest category is our retail experiential business, also known as in-store sampling or demonstrations, where we manage highly customized large-scale sampling programs (both in-store and online) for leading retailers. The second category is our collection of specialized agency services, in which we provide private label services to retailers and develop granular marketing programs for brands and retailers through our shopper, consumer, and digital marketing agencies.

Impacts of the COVID-19 Pandemic

Our services experienced the effects from reductions in client spending due to the economic impact related to the COVID-19 pandemic. While mixed by services and geography, the spending reductions impacted all of our services and markets. Globally, the most impacted services were our in-store sampling and demonstration services, which have continued to improve through the third quarter of 2023.

Summary

Our financial performance for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 includes:

- Revenues increased by $45.0 million, or 4.3%, to $1,096.1 million;
- Operating income decreased by $30.9 million, or 65.9%, to $16.0 million;
- Net loss increased by $45.8 million to $22.6 million
- Adjusted Net Income decreased by $24.8 million, or 39.6%, to $37.9 million
- Adjusted EBITDA decreased by $5.1 million, or 4.3%, to $113.1 million

Our financial performance for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 includes:

- Revenues increased by $198.1 million, or 6.7%, to $3,145.1 million;
- Operating income decreased by $68.1 million, or 69.4%, to $30.0 million;
- Net loss increased by $122.5 million to $78.1 million;
- Adjusted Net Income decreased by $64.4 million, or 42.2%, to $88.2 million; and
- Adjusted EBITDA decreased by $13.9 million, or 4.3%, to $309.4 million.

Factors Affecting Our Business and Financial Reporting

There are a number of factors, in addition to the impact of the COVID-19 pandemic and inflation, that affect the performance of our business and the comparability of our results from period to period including:

- ***Organic Growth.*** Part of our strategy is to generate organic growth by expanding our existing client relationships, continuing to win new clients, pursuing channel expansion and new industry opportunities, enhancing our digital technology solutions, developing our international platform, delivering operational efficiencies, and expanding into logical adjacencies. We believe that by pursuing these organic growth opportunities we will be able to continue to enhance our value proposition to our clients and thereby grow our business.
- ***Acquisitions.*** We have grown our business in part by acquiring quality businesses, both domestic and international. Many of our acquisition agreements include contingent consideration arrangements, which are described below. We have completed acquisitions at what we believe are attractive purchase prices and have regularly structured our agreements to result in the generation of long-lived tax assets, which have in turn reduced our effective purchase prices when incorporating the value of those tax assets.
- ***Contingent Consideration.*** Many of our acquisition agreements include contingent consideration arrangements, which are generally based on the achievement of financial performance thresholds by the operations attributable to the acquired businesses. The contingent consideration arrangements are based upon our valuations of the acquired businesses and are intended to share the investment risk with the

sellers of such businesses if projected financial results are not achieved. The fair values of these contingent consideration arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, we estimate the fair value of contingent consideration payments as part of the initial purchase price. We review and assess the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could differ materially from our initial estimates. Adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in “Selling, general and administrative expenses” in our Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

•***Depreciation and Amortization.*** As a result of the acquisition of our business by Karman Topco L.P. (“Topco”) on July 25, 2014 (the “2014 Topco Acquisition”), we acquired significant intangible assets, the value of which is amortized, on a straight-line basis, over 15 years from the date of the 2014 Topco Acquisition, unless determined to be indefinite-lived. The amortization of such intangible assets recorded in our consolidated financial statements has a significant impact on our operating income (loss) and net income (loss). Our historical acquisitions have increased, and future acquisitions likely will increase, our intangible assets. We do not believe the amortization expense associated with the intangibles created from our purchase accounting adjustments reflect a material economic cost to our business. Unlike depreciation expense which has an economic cost reflected by the fact that we must re-invest in property and equipment to maintain the asset base delivering our results of operations, we do not have any capital re-investment requirements associated with the acquired intangibles, such as client relationships and trade names, that comprise the majority of the finite-lived intangibles that create our amortization expense.

•***Foreign Exchange Fluctuations.*** Our financial results are affected by fluctuations in the exchange rate between the U.S. dollar and other currencies, primarily Canadian dollars, British pounds and euros, due to our operations in such foreign jurisdictions. See also “ *—Quantitative and Qualitative Disclosure of Market Risk—Foreign Currency Risk.*”

•***Seasonality.*** Our quarterly results are seasonal in nature, with the fourth fiscal quarter typically generating a higher proportion of our revenues than other fiscal quarters, as a result of higher consumer spending. We generally record slightly lower revenues in the first fiscal quarter of each year, as our clients begin to roll out new programs for the year, and consumer spending generally is less in the first fiscal quarter than other quarters. Timing of our clients’ marketing expenses, associated with marketing campaigns and new product launches, can also result in fluctuations from one quarter to another.

How We Assess the Performance of Our Business

Revenues

Revenues related to our sales segment are primarily comprised of commissions, fee-for-service, and cost-plus fees for providing retail merchandising services, category and space management, headquarter relationship management, technology solutions, and administrative services. A small portion of our arrangements include performance incentive provisions, which allow us to earn additional revenues on our performance relative to specified quantitative or qualitative goals. We recognize the incentive portion of revenues under these arrangements when the related services are transferred to the customer.

Marketing segment revenues are primarily recognized in the form of a fee-for-service (including retainer fees, fees charged to clients based on hours incurred, project-based fees or fees for executing in-person consumer engagements or experiences, which engagements or experiences we refer to as events), commissions or on a cost-plus basis, in each case, related to services including experiential marketing, shopper and consumer marketing services, private label development, or our digital, social and media services.

Given our acquisitions, we analyze our financial performance, in part, by measuring revenue growth in two ways—revenue growth attributable to organic activities and revenue growth attributable to acquisitions, which we refer to as organic revenues and acquired revenues, respectively.

We define organic revenues as any revenues that are not acquired revenues. Our organic revenues exclude the impacts of acquisitions and divestitures, when applicable, which improves comparability of our results from period to period.

In general, when we acquire a business, the acquisition includes a contingent consideration arrangement (e.g., an earn-out provision) and, accordingly, we separately track the relevant metrics associated with the earnout agreement of the acquired business. In such cases, we consider revenues generated by such a business during the 12 months following its acquisition to be acquired revenues. For example, if we completed an acquisition on July 1, 2022 for a business that included a contingent consideration arrangement, we would consider revenues from the acquired business from July 1, 2022 to June 30, 2023 to be acquired revenues. We generally consider growth attributable to the financial performance of an acquired business after the 12-month anniversary of the date of acquisition to be organic.

In limited cases, when the acquisition of an acquired business does not include a contingent consideration arrangement, or we otherwise do not separately track the financial performance of the acquired business due to operational integration, we consider the revenues that the business generated in the 12 months prior to its acquisition to be our acquired revenues for the 12 months following its acquisition, and any differences in revenues actually generated during the 12 months after its acquisition to be organic. For example, if we completed an acquisition on July 1, 2022 for a business that did not include a contingent consideration arrangement, we would consider the amount of revenues from the acquired business from July 1, 2021 to June 30, 2022 to be acquired revenues during the period from July 1, 2022 to June 30, 2023, with any differences from that amount actually generated during the latter period to be organic revenues.

All revenues generated by our acquired businesses are considered to be organic revenues after the 12-month anniversary of the date of acquisition.

When we divest a business, we consider the revenues that the divested business generated in the 12 months prior to its divestiture to be subtracted from acquired revenues for the 12 months following its divestiture. For example, if we completed a divestiture on July 1, 2022 for a business, we would consider the amount of revenues from the divested business from July 1, 2021 to June 30, 2022 to be subtracted from acquired revenues during the period from July 1, 2022 to June 30, 2023.

We measure organic revenue growth and acquired revenue growth by comparing the organic revenues or acquired revenues, respectively, period over period, net of any divestitures.

Cost of Revenues

Our cost of revenues consists of both fixed and variable expenses primarily attributable to the hiring, training, compensation and benefits provided to both full-time and part-time associates, as well as other project-related expenses. A number of costs associated with our associates are subject to external factors, including inflation, increases in market specific wages and minimum wage rates at federal, state and municipal levels and minimum pay levels for exempt roles. Additionally, when we enter into certain new client relationships, we may experience an initial increase in expenses associated with hiring, training and other items needed to launch the new relationship.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of salaries, payroll taxes and benefits for corporate personnel. Other overhead costs include information technology, professional services fees, including accounting and legal services, and other general corporate expenses. Additionally, included in selling, general and administrative expenses are costs associated with various internal reorganization activities, including professional fees, lease exit costs, severance, and nonrecurring compensation costs, and the changes in fair value of the contingent consideration of acquisitions and other acquisition and divestiture related costs. Acquisition and divestiture related costs are comprised of fees related to change of equity ownership, transaction costs, professional fees, due diligence and integration activities.

Other (Income) Expenses

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability represents a non-cash (income) expense resulting from a fair value adjustment to warrant liability with respect to the private placement warrants. Based on the availability of sufficient observable information, we determine the fair value of the liability classified private placement warrants by approximating the value with the price of the public warrants at the respective period end, which is inherently less subjective and judgmental given it is based on observable inputs.

Interest Expense

Interest expense relates primarily to borrowings under the Senior Secured Credit Facilities as described below. See " *—Liquidity and Capital Resources*."

Depreciation and Amortization

Amortization Expense

As a result of the 2014 Topco Acquisition, we acquired significant intangible assets, the value of which is amortized, on a straight-line basis, over 15 years from the date of the 2014 Topco Acquisition, unless determined to be indefinite-lived. Included in our depreciation and amortization expense is amortization of acquired intangible assets. We have ascribed value to identifiable intangible assets other than goodwill in our purchase price allocations for companies we have acquired. These assets include, but are not limited to, client relationships and trade names. To the extent we ascribe value to identifiable intangible assets that have finite lives, we amortize those values over the estimated useful lives of the assets. Such amortization expense, although non-cash in the period expensed, directly impacts our results of operations. It is difficult to predict with any precision the amount of expense we may record relating to future acquired intangible assets.

Depreciation Expense

Depreciation expense relates to the property and equipment that we own, which represented less than 1% of our total assets at September 30, 2023 and 2022, respectively.

Income Taxes

Income tax expense and our effective tax rates can be affected by many factors, including state apportionment factors, our acquisitions, tax incentives and credits available to us, changes in judgment regarding our ability to realize our deferred tax assets, changes in our worldwide mix of pre-tax losses or earnings, changes in existing tax laws and our assessment of uncertain tax positions.

Cash Flows

We have positive cash flow characteristics, as described below, due to the limited required capital investment in the fixed assets and working capital needs to operate our business in the normal course. See " *—Liquidity and Capital Resources.*"

Our principal sources of liquidity are cash flows from operations, borrowings under the Revolving Credit Facility, and other debt. Our principal uses of cash are operating expenses, working capital requirements and repayment of debt.

Adjusted Net Income

Adjusted Net Income is a non-GAAP financial measure. Adjusted Net Income means net (loss) income before (i) amortization of intangible assets, (ii) equity-based compensation of Karman Topco L.P., (iii) changes in fair value of warrant liability, (iv) fair value adjustments of contingent consideration related to acquisitions, (v) acquisition-related expenses, (vi) costs associated with COVID-19, net of benefits received, (vii) net income attributable to noncontrolling interest, (viii) reorganization and restructuring expenses, (ix) litigation expenses, (x) loss on disposal of assets, (xi) gain on repurchases of Term Loan Facility debt, (xii) recovery from Take 5, (xiii) costs associated with the Take 5 Matter, (xiv) other adjustments that management believes are helpful in evaluating our operating performance, and (xv) related tax adjustments.

We present Adjusted Net Income because we use it as a supplemental measure to evaluate the performance of our business in a way that also considers our ability to generate profit without the impact of items that we do not believe are indicative of our operating performance or are unusual or infrequent in nature and aid in the comparability of our performance from period to period. Adjusted Net Income should not be considered as an alternative for Net income, our most directly comparable measure presented on a GAAP basis.

Adjusted EBITDA and Adjusted EBITDA by Segment

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

We present Adjusted EBITDA and Adjusted EBITDA by segment because they are key operating measures used by us to assess our financial performance. These measures adjust 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 these measures in conjunction with our results according to GAAP because we believe they provide 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. Neither Adjusted EBITDA nor Adjusted EBITDA by segment should be considered as an alternative for Net income, our most directly comparable measure presented on a GAAP basis. 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 our non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

Results of Operations for the Three and Nine Months Ended September 30, 2023 and 2022

The following table sets forth items derived from the Company's consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022 in dollars and as a percentage of total revenues.

	Three Months Ended September 30,				Nine Months Ended September 30,			
(amounts in thousands)	**2023**		**2022**		**2023**		**2022**	
Revenues	$ 1,096,059	100.0 %	$ 1,051,095	100.0 %	$ 3,145,097	100.0 %	$ 2,946,979	100.0 %
Cost of revenues	947,546	86.5 %	908,523	86.4 %	2,740,347	87.1 %	2,536,256	86.1 %
Selling, general, and administrative expenses	76,065	6.9 %	37,945	3.6 %	204,445	6.5 %	138,594	4.7 %
Depreciation and amortization	56,465	5.2 %	57,785	5.5 %	170,307	5.4 %	173,997	5.9 %
Total expenses	1,080,076	98.5 %	1,004,253	95.5 %	3,115,099	99.0 %	2,848,847	96.7 %
Operating income	15,983	1.5 %	46,842	4.5 %	29,998	1.0 %	98,132	3.3 %
Other expenses (income):								
Change in fair value of warrant liability	586	0.1 %	(1,100)	(0.1)%	587	0.0 %	(21,456)	(0.7)%
Interest expense, net	42,302	3.9 %	23,557	2.2 %	119,952	3.8 %	63,628	2.2 %
Total other expenses	42,888	3.9 %	22,457	2.1 %	120,539	3.8 %	42,172	1.4 %
(Loss) income before income taxes	(26,905)	(2.5)%	24,385	2.3 %	(90,541)	(2.9)%	55,960	1.9 %
(Benefit from) provision for income taxes	(4,323)	(0.4)%	1,158	0.1 %	(12,435)	(0.4)%	11,523	0.4 %
Net (loss) income	$ (22,582)	(2.1)%	$ 23,227	2.2 %	$ (78,106)	(2.5)%	$ 44,437	1.5 %
Other Financial Data								
Adjusted Net Income[(1)]	$ 37,889	3.5 %	$ 62,682	6.0 %	$ 88,163	2.8 %	$ 152,541	5.2 %
Adjusted EBITDA[(1)]	$ 113,149	10.3 %	$ 118,268	11.3 %	$ 309,431	9.8 %	$ 323,329	11.0 %

(1)Adjusted Net Income and Adjusted EBITDA are financial measures that are not calculated in accordance with GAAP. For a discussion of our presentation of Adjusted Net Income and Adjusted EBITDA and reconciliations of Net income to Adjusted Net Income and Adjusted EBITDA, see "*—Non-GAAP Financial Measures*."

Comparison of the Three Months Ended September 30, 2023 and 2022

Revenues

	Three Months Ended September 30,		Change	
(amounts in thousands)	**2023**	**2022**	**$**	**%**
Sales	$ 628,546	$ 646,246	$ (17,700)	(2.7)%
Marketing	467,513	404,849	62,664	15.5 %
Total revenues	$ 1,096,059	$ 1,051,095	$ 44,964	4.3 %

Total revenues increased by $45.0 million, or 4.3%, during the three months ended September 30, 2023, as compared to the three months ended September 30, 2022. Excluding revenues from divested businesses, net of acquired businesses, and unfavorable foreign exchange rates, revenues increased 5.8%.

The sales segment revenues decreased $17.7 million during the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. Excluding $19.4 million revenues from divested businesses, net of acquired businesses and favorable foreign exchange rates of $6.1 million, the segment experienced a decrease of $4.4 million in organic revenues primarily due to a decrease in our retail merchandising services as a result of an intentional client exit, partially offset by pricing realization and growth in our European joint venture.

The marketing segment revenues increased $62.7 million during the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. Excluding revenues from a divested business of $2.0 million and unfavorable foreign exchange rates of $1.2 million, the segment experienced an increase of $65.9 million in organic revenues. The increase in revenues was primarily due to an increase in our in-store sampling and demonstration services from event volume and pricing realization, partially offset by a decrease in our digital services.

Cost of Revenues

Cost of revenues as a percentage of revenues for the three months ended September 30, 2023 was 86.5%, as compared to 86.4% for the three months ended September 30, 2022, which stayed relatively consistent.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of revenues for the three months ended September 30, 2023 was 6.9%, compared to 3.6% for the three months ended September 30, 2022. The increase as a percentage of revenues was primarily due to $18.9 million increase in costs associated with our internal reorganization activities, largely related to professional fees and severance, coupled with increased incentive compensation and technology expenses.

Depreciation and Amortization Expense

Depreciation and amortization expense was $56.5 million for the three months ended September 30, 2023 compared to $57.8 million for the three months ended September 30, 2022. The decrease is largely attributable to a decrease in the amortization expenses from our trade names and the divested businesses.

Operating Income

	Three Months Ended September 30,		Change	
(amounts in thousands)	2023	2022	$	%
Sales	$ 5,995	$ 31,765	$ (25,770)	(81.1)%
Marketing	9,988	15,077	(5,089)	(33.8)%
Total operating income	$ 15,983	$ 46,842	$ (30,859)	(65.9)%

In the sales segment, the decrease in operating income during the three months ended September 30, 2023 was primarily due to the decrease in revenues and increase in costs associated with our internal reorganization activities as described above.

In the marketing segment, the decrease in operating income during the three months ended September 30, 2023 was due to increase in costs associated with our internal reorganization activities as described above.

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability was $0.6 million of non-cash loss for the three months ended September 30, 2023 compared to $1.1 million of non-cash gain resulting from a fair value adjustment to warrant liability with respect to the private placement warrants for the three months ended September 30, 2022.

Interest Expense, net

Interest expense, net increased by $18.7 million, or 79.6%, to $42.3 million for the three months ended September 30, 2023, from $23.6 million for the three months ended September 30, 2022. The increase in interest expense was primarily due to the higher interest rates, partially offset by change in fair value in our derivative instruments and gain associated with the repurchases of Term Loan Facility debt for the three months ended September 30, 2023.

(Benefit from) Provision for Income Taxes

Benefit from income taxes was $4.3 million for the three months ended September 30, 2023 as compared to $1.2 million of provision for income taxes for the three months ended September 30, 2022. The change was primarily attributable to a pre-tax loss during the three months ended September 30, 2023 compared to a pre-tax income during the three months ended September 30, 2022.

Net (Loss) Income

Net loss was $22.6 million for the three months ended September 30, 2023, compared to net income of $23.2 million for the three months ended September 30, 2022. The increase in net loss was primarily driven by the decrease in operating income and the increase in interest expense as described above.

Adjusted Net Income

The decrease in Adjusted Net Income for the three months ended September 30, 2023 was attributable to the decrease in operating income and the increase in interest expense partially offset by the decrease in the provision for income taxes. For a reconciliation of Adjusted Net Income to Net income, see " *—Non-GAAP Financial Measures."*

Adjusted EBITDA and Adjusted EBITDA by Segment

	Three Months Ended September 30,		Change	
(amounts in thousands)	**2023**	**2022**	**$**	**%**
Sales	$ 66,927	$ 76,172	$ (9,245)	(12.1)%
Marketing	46,222	42,096	4,126	9.8%
Total Adjusted EBITDA	$ 113,149	$ 118,268	$ (5,119)	(4.3)%

Adjusted EBITDA decreased by $5.1 million, or 4.3%, to $113.1 million for the three months ended September 30, 2023, from $118.3 million for the three months ended September 30, 2022. In the sales segment, the decrease was primarily attributable to decline in revenues and increase in cost of revenues, largely due to inflationary pressures, increased incentive compensation and technology expenses. In the marketing segment, the increase was driven largely by the growth in revenues from the in-store sampling and demonstration services as described above. For a reconciliation of Adjusted EBITDA to Net income, see "*—Non-GAAP Financial Measures*."

Comparison of the Nine Months Ended September 30, 2023 and 2022

Revenues

	Nine Months Ended September 30,		Change	
(amounts in thousands)	**2023**	**2022**	**$**	**%**
Sales	$ 1,841,718	$ 1,842,347	$ (629)	(0.0%)
Marketing	1,303,379	1,104,632	198,747	18.0%
Total revenues	$ 3,145,097	$ 2,946,979	$ 198,118	6.7%

Total revenues increased by $198.1 million, or 6.7%, during the nine months ended September 30, 2023, as compared to the nine months ended September 30, 2022. Excluding revenues from divested businesses, net of acquired businesses, and unfavorable foreign exchange rates, revenues increased 8.0%.

The sales segment revenues decreased $0.6 million during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Excluding $29.8 million revenues from divested businesses, net of acquired businesses and unfavorable foreign exchange rates of $3.0 million, the segment experienced an increase of $32.2 million in organic revenues primarily due to growth in our European joint venture and an increase in our retail-centric merchandising services with an increase in volume and pricing realization, partially offset by an intentional client exit.

The marketing segment revenues increased $198.7 million during the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, of which $2.8 million were revenues from acquired businesses, net of a divested business. Excluding revenues from acquired and divested businesses and unfavorable foreign exchange rates of $8.8 million, the segment experienced an increase of $204.7 million in organic revenues. The increase in revenues was primarily due to an increase in our in-store sampling and demonstration services and pricing realization, partially offset by a decrease in certain of our digital services.

Cost of Revenues

Cost of revenues as a percentage of revenues for the nine months ended September 30, 2023 was 87.1%, as compared to 86.1% for the nine months ended September 30, 2022. The increase as a percentage of revenues was largely attributable to inflationary cost pressures and the change in the revenue mix of our services.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of revenues for the nine months ended September 30, 2023 was 6.5%, compared to 4.7% for the nine months ended September 30, 2022. The increase as a percentage of revenues was primarily due to $34.9 million increase in internal reorganization activities, largely related to professional fees and severance, $17.4 million increase in non-cash loss on disposal of assets, coupled with increased incentive compensation, litigation expenses and technology expenese, partially offset by $12.5 million decrease in acquisition-related expenses.

Depreciation and Amortization Expense

Depreciation and amortization expense was $170.3 million for the nine months ended September 30, 2023 compared to $174.0 million for the nine months ended September 30, 2022. The decrease is largely attributable to a decrease in the amortization expenses from our trade names and the divested businesses.

Operating Income

	Nine Months Ended September 30,		Change	
(amounts in thousands)	**2023**	**2022**	**$**	**%**
Sales	$ 8,972	$ 65,915	$ (56,943)	(86.4%)
Marketing	21,026	32,217	(11,191)	(34.7%)
Total operating income	$ 29,998	$ 98,132	$ (68,134)	(69.4%)

The decrease in operating income during the nine months ended September 30, 2023 was due to one-time charges in selling, general and administrative expenses as described above.

Change in Fair Value of Warrant Liability

Change in fair value of warrant liability increased by $22.0 million due to non-cash gain for the nine months ended September 30, 2022 resulting from a fair value adjustment to warrant liability with respect to the private placement warrants.

Interest Expense, net

Interest expense, net increased by $56.3 million, or 88.5%, to $120.0 million for the nine months ended September 30, 2023, from $63.6 million for the nine months ended September 30, 2022. The increase in interest expense was primarily due to the higher interest rates and the change in fair value in our derivative instruments for the nine months ended September 30, 2022, partially offset by gain associated with the repurchases of Term Loan Facility debt for the nine months ended September 30, 2023.

(Benefit from) Provision for Income Taxes

Benefit from income taxes was $12.4 million for the nine months ended September 30, 2023 as compared to $11.5 million of provision for income taxes for the nine months ended September 30, 2022. The change was primarily attributable to a pre-tax loss during the nine months ended September 30, 2023 compared to a pre-tax income during the nine months ended September 30, 2022.

Net (Loss) Income

Net loss was $78.1 million for the nine months ended September 30, 2023, compared to net income of $44.4 million for the nine months ended September 30, 2022. The increase in net loss was primarily driven by the decrease in operating income and the increase in interest expense as described above.

Adjusted Net Income

The decrease in Adjusted Net Income for the nine months ended September 30, 2023 was attributable to the increase in interest expense, net and the decrease in operating income as described above, partially offset by the benefit from income taxes. For a reconciliation of Adjusted Net Income to Net (loss) income, see " *—Non-GAAP Financial Measures."*

Adjusted EBITDA and Adjusted EBITDA by Segment

	Nine Months Ended September 30,		Change	
(amounts in thousands)	**2023**	**2022**	**$**	**%**
Sales	$ 196,444	$ 216,158	$ (19,714)	(9.1)%
Marketing	112,987	107,171	5,816	5.4%
Total Adjusted EBITDA	$ 309,431	$ 323,329	$ (13,898)	(4.3)%

Adjusted EBITDA decreased by $13.9 million, or 4.3%, to $309.4 million for the nine months ended September 30, 2023, from $323.3 million for the nine months ended September 30, 2022. In the sales segment, the decrease was primarily attributable to decline in revenues and increase in cost of revenues, largely due to inflationary pressures, increase in incentive compensation and technology expenses. In the marketing segment, the increase was driven largely by the growth in revenues from the in-store sampling and demonstration services as described above, partially offset by headwinds in our higher-margin digital services. For a reconciliation of Adjusted EBITDA to Net (loss) income, see "*—Non-GAAP Financial Measures*."

Non-GAAP Financial Measures

Adjusted Net Income is a non-GAAP financial measure. Adjusted Net Income means net (loss) income before (i) amortization of intangible assets, (ii) equity-based compensation of Karman Topco L.P., (iii) changes in fair value of warrant liability, (iv) fair value adjustments of contingent consideration related to acquisitions, (v) acquisition-related expenses, (vi) costs associated with COVID-19, net of benefits received, (vii) net income attributable to noncontrolling interest, (viii) reorganization and restructuring expenses, (ix) litigation expenses, (x) loss on disposal of assets, (xi) gain on repurchases of Term Loan Facility debt, (xii) recovery from Take 5, (xiii) costs associated with the Take 5 Matter, (xiv) other adjustments that management believes are helpful in evaluating our operating performance, and (xv) related tax adjustments.

We present Adjusted Net Income because we use it as a supplemental measure to evaluate the performance of our business in a way that also considers our ability to generate profit without the impact of items that we do not believe are indicative of our operating performance or are unusual or infrequent in nature and aid in the comparability of our performance from period to period. Adjusted Net Income should not be considered as an alternative for our Net income, our most directly comparable measure presented on a GAAP basis.

A reconciliation of Adjusted Net Income to Net income is provided in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Net (loss) income	$ (22,582)	$ 23,227	$ (78,106)	$ 44,437
Less: Net income attributable to noncontrolling interest	1,756	2,168	2,581	1,042
Add:				
Equity-based compensation of Karman Topco L.P.[(a)]	209	(828)	(3,278)	(7,142)
Change in fair value of warrant liability	586	(1,100)	587	(21,456)
Fair value adjustments related to contingent consideration related to acquisitions[(b)]	2,231	(340)	11,591	5,448
Acquisition-related expenses[(c)]	1,591	4,260	4,521	17,061
Reorganization and restructuring expenses[(d)]	22,416	3,562	39,401	4,458
Litigation expenses (recovery)[(e)]	4,314	—	8,664	(800)
Loss on disposal of assets[(f)]	2,553	—	20,208	2,782
Amortization of intangible assets[(g)]	49,196	49,997	148,470	150,930
Costs associated with COVID-19, net of benefits received[(h)]	(49)	2,009	3,285	4,945
Gain on repurchases of Term Loan Facility debt[(i)]	(272)	—	(5,241)	—
Recovery from Take 5[(j)]	—	—	(1,675)	—
Costs associated with the Take 5 Matter[(k)]	53	278	232	2,088
Tax adjustments related to non-GAAP adjustments[(l)]	(20,601)	(16,215)	(57,915)	(49,168)
Adjusted Net Income	$ 37,889	$ 62,682	$ 88,163	$ 152,541

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

We present Adjusted EBITDA and Adjusted EBITDA by Segment because they are key operating measures used by us to assess our financial performance. These measures adjust 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 these measures in conjunction with our results according to GAAP because we believe they provide 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. Neither Adjusted EBITDA nor Adjusted EBITDA by Segment should be considered as an alternative for our Net income, our most directly comparable measure presented on a GAAP basis. 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 our non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

A reconciliation of Adjusted EBITDA to Net income is provided in the following table:

Consolidated	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
(in thousands)				
Net (loss) income	$ (22,582)	$ 23,227	$ (78,106)	$ 44,437
Add:				
Interest expense, net	42,302	23,557	119,952	63,628
Provision for (benefit from) income taxes	(4,323)	1,158	(12,435)	11,523
Depreciation and amortization	56,465	57,785	170,307	173,997
Equity-based compensation of Karman Topco L.P.[(a)]	209	(828)	(3,278)	(7,142)
Change in fair value of warrant liability	586	(1,100)	587	(21,456)
Fair value adjustments related to contingent consideration related to acquisitions[(b)]	2,231	(340)	11,591	5,448
Acquisition-related expenses[(c)]	1,591	4,260	4,521	17,061
Loss on disposal of assets[(f)]	2,553	—	20,208	2,782
Reorganization and restructuring expenses[(d)]	22,416	3,562	39,401	4,458
Litigation expenses (recovery)[(e)]	4,314	—	8,664	(800)
Costs associated with COVID-19, net of benefits received[(h)]	(49)	2,009	3,285	4,945
Recovery from Take 5[(j)]	—	—	(1,675)	—
Costs associated with the Take 5 Matter[(k)]	53	278	232	2,088
Stock-based compensation expense[(m)]	10,074	7,174	32,510	29,906
EBITDA for economic interests in investments[(l)]	(2,691)	(2,474)	(6,333)	(7,546)
Adjusted EBITDA	$ 113,149	$ 118,268	$ 309,431	$ 323,329

Financial information by segment, including a reconciliation of Adjusted EBITDA by Segment to operating income, the closest GAAP financial measure, is provided in the following table:

Sales Segment	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
(in thousands)				
Operating income	$ 5,995	$ 31,765	$ 8,972	$ 65,915
Add:				
Depreciation and amortization	38,896	39,798	118,100	121,310
Equity-based compensation of Karman Topco L.P.[(a)]	259	(320)	(1,822)	(4,004)
Fair value adjustments related to contingent consideration related to acquisitions[(b)]	179	(1,901)	8,080	4,992
Acquisition-related expenses[(c)]	970	2,880	3,070	10,952
Loss on disposal of assets[(f)]	2,543	—	15,997	2,782
Reorganization and restructuring expenses[(d)]	12,745	2,360	24,687	3,519
Litigation expenses (recovery)[(e)]	2,287	—	6,637	(100)
Costs associated with COVID-19, net of benefits received[(h)]	7	166	364	801
Stock-based compensation expense[(m)]	5,408	4,080	18,411	18,009
EBITDA for economic interests in investments[(n)]	(2,362)	(2,656)	(6,052)	(8,018)
Sales Segment Adjusted EBITDA	$ 66,927	$ 76,172	$ 196,444	$ 216,158

Marketing Segment	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
(in thousands)				
Operating income	$ 9,988	$ 15,077	$ 21,026	$ 32,217
Add:				
Depreciation and amortization	17,569	17,987	52,207	52,687
Equity-based compensation of Karman Topco L.P.[(a)]	(50)	(508)	(1,456)	(3,138)
Fair value adjustments related to contingent consideration related to acquisitions[(b)]	2,052	1,561	3,511	456
Acquisition-related expenses[(c)]	621	1,380	1,451	6,109
Loss on disposal of assets[(f)]	10	—	4,211	—
Reorganization and restructuring expenses[(d)]	9,671	1,202	14,714	939
Litigation expenses (recovery)[(e)]	2,027	—	2,027	(700)
Costs associated with COVID-19, net of benefits received[(h)]	(56)	1,843	2,921	4,144
Recovery from Take 5[(j)]	—	—	(1,675)	—
Costs associated with the Take 5 Matter[(k)]	53	278	232	2,088
Stock-based compensation expense[(m)]	4,666	3,094	14,099	11,897
EBITDA for economic interests in investments[(n)]	(329)	182	(281)	472
Marketing Segment Adjusted EBITDA	$ 46,222	$ 42,096	$ 112,987	$ 107,171

(a) Represents expenses related to (i) equity-based compensation expense associated with grants of Common Series D Units of Topco made to one of the 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 5—*Fair Value of Financial Instruments* to our unaudited condensed financial statements for the three and nine months ended September 30, 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 losses on disposal of assets related to divestitures and losses on sale of businesses and assets held for sale, less cost to sell.

(g) Represents the amortization of intangible assets recorded in connection with the 2014 Topco Acquisition and our other acquisitions.

(h) 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.

(i) Represents a gain associated with the repurchases of Term Loan Facility debt during the three and nine months ended September 30, 2023. For additional information, refer to Note 4—*Debt* to our unaudited condensed financial statements for the three and nine months ended September 30, 2023 and 2022.

(j) Represents cash receipts from an insurance policy for claims related to the Take 5 Matter.

(k) Represents costs associated with the Take 5 Matter, primarily, professional fees and other related costs.

(l) Represents the tax provision or benefit associated with the adjustments above, taking into account the Company's applicable tax rates, after excluding adjustments related to items that do not have a related tax impact.

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

(n) 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.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows from operations, borrowings under the Revolving Credit Facility, and other debt. Our principal uses of cash are operating expenses, working capital requirements, acquisitions, interest on debt and repayment of debt.

Cash Flows

A summary of our cash operating, investing and financing activities are shown in the following table:

	Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**
Net cash provided by operating activities	$ 180,712	$ 81,950
Net cash used in investing activities	(15,490)	(103,062)
Net cash used in financing activities	(114,773)	(32,920)
Net effect of foreign currency fluctuations on cash	(1,362)	(12,311)
Net change in cash, cash equivalents and restricted cash	$ 49,087	$ (66,343)

Net Cash Provided by Operating Activities

Net cash provided by operating activities during the nine months ended September 30, 2023 consisted of net loss of $78.1 million adjusted for certain non-cash items, including loss on disposal of assets of $20.2 million, gain on repurchases of Term Loan Facility debt of $5.2 million, depreciation and amortization of $170.3 million and effects of changes in working capital. Net cash used in operating activities during the nine months ended September 30, 2022 consisted of net income of $44.4 million adjusted for certain non-cash items, including depreciation and amortization of $174.0 million and effects of changes in working capital. The increase in cash provided by operating activities during the nine months ended September 30, 2023 relative to the same period in 2022 was primarily due to increased working capital requirements to stand up our services during the nine months ended September 30, 2022, together with improvement of days sales outstanding for our accounts receivable.

Net Cash Used in Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2023 primarily consisted of the purchase of property and equipment of $29.7 million, partially offset by the proceeds from divestiture. Net cash used in investing activities during the nine months ended September 30, 2022 primarily consisted of the purchase of businesses, net of cash acquired of $74.4 million and purchase of property and equipment of $30.0 million.

Net Cash Used in Financing Activities

We primarily finance our capital needs through cash flows from operations, however, we also incur long-term debt or borrow under lines of credit when necessary. Additionally, many of our acquisition agreements include contingent consideration arrangements, which are generally based on the achievement of future financial performance by the operations attributable to the acquired companies. The portion of the cash payment up to the acquisition date fair value of the contingent consideration liability are classified as financing outflows, and amounts paid in excess of the acquisition date fair value of that liability are classified as operating outflows. From time to time, we may voluntarily repurchase our long-term debt to deploy capital that deleverages our balance sheet while generating a favorable rate of return.

Cash flows used in financing activities during the nine months ended September 30, 2023 were primarily related to repurchases of Term Loan Facility debt of $104.0 million, repayment of principal on our Term Loan Facility of $9.9 million, payments of contingent consideration and holdback payments of $3.5 million, partially offset by $1.3 million of proceeds from a government loan for COVID-19 relief and $2.2 million related to proceeds from the issuance of Class A common stock. Cash flows used in financing activities during the nine months ended September 30, 2022 were primarily related to payments of contingent consideration and holdback payments of $31.7 million, repayment of principal on our Term Loan Facility of $9.9 million, partially offset by

$3.3 million related to proceeds from the issuance of Class A common stock and $5.2 million of contribution from noncontrolling interest.

Description of Credit Facilities

Senior Secured Credit Facilities

Advantage Sales & Marketing Inc. (the “Borrower”), an indirect wholly-owned subsidiary of the Company, has (i) a senior secured asset-based revolving credit facility in an aggregate principal amount of up to $500.0 million, subject to borrowing base capacity (as may be amended from time to time, the “Revolving Credit Facility”) and (ii) a secured first lien term loan credit facility in an aggregate principal amount of $1.237 billion (as may be amended from time to time, the “Term Loan Facility” and together with the Revolving Credit Facility, the “Senior Secured Credit Facilities”).

Revolving Credit Facility

Our Revolving Credit Facility provides for revolving loans and letters of credit in an aggregate amount of up to $500.0 million, subject to borrowing base capacity. Letters of credit are limited to the lesser of (a) $150.0 million and (b) the aggregate unused amount of commitments under our Revolving Credit Facility then in effect. Loans under the Revolving Credit Facility may be denominated in either U.S. dollars or Canadian dollars. Bank of America, N.A., is administrative agent and ABL Collateral Agent. The Revolving Credit Facility is scheduled to mature in December 2027. We may use borrowings under the Revolving Credit Facility to fund working capital and for other general corporate purposes, including permitted acquisitions and other investments. As of September 30, 2023, we had unused capacity under our Revolving Credit Facility available to us of $500.0 million, subject to borrowing base limitations (without giving effect to approximately $44.1 million of outstanding letters of credit and the borrowing base limitations for additional borrowings).

Borrowings under the Revolving Credit Facility are limited by borrowing base calculations based on the sum of specified percentages of eligible accounts receivable plus specified percentages of qualified cash, minus the amount of any applicable reserves. Borrowings will bear interest at a floating rate, which can be either an adjusted Term SOFR or Alternative Currency Spread rate plus an applicable margin or, at the Borrower’s option, a base rate or Canadian Prime Rate plus an applicable margin. The applicable margins for the Revolving Credit Facility are 1.75%, 2.00% or 2.25%, with respect to Term SOFR or Alternative Currency Spread rate borrowings and 0.75%, 1.00%, or 1.25%, with respect to base rate or Canadian Prime Rate borrowings, in each case depending on average excess availability under the Revolving Credit Facility. The Borrower’s ability to draw under the Revolving Credit Facility or issue letters of credit thereunder will be conditioned upon, among other things, the Borrower’s delivery of prior written notice of a borrowing or issuance, as applicable, the Borrower’s ability to reaffirm the representations and warranties contained in the credit agreement governing the Revolving Credit Facility and the absence of any default or event of default thereunder.

The Borrower’s obligations under the Revolving Credit Facility are guaranteed by Karman Intermediate Corp. (“Holdings”) and all of the Borrower’s direct and indirect wholly owned material U.S. subsidiaries (subject to certain permitted exceptions) and Canadian subsidiaries (subject to certain permitted exceptions, including exceptions based on immateriality thresholders of aggregate assets and revenues of Canadian subsidiaries) (the “Guarantors”). The Revolving Credit Facility is secured by a lien on substantially all of Holdings’, the Borrower’s and the Guarantors’ assets (subject to certain permitted exceptions). The Borrower’s Revolving Credit Facility has a first-priority lien on the current asset collateral and a second-priority lien on security interests in the fixed asset collateral (second in priority to the liens securing the Notes and the Term Loan Facility discussed below), in each case, subject to other permitted liens.

The Revolving Credit Facility has the following fees: (i) an unused line fee of 0.375% or 0.250% per annum of the unused portion of the Revolving Credit Facility, depending on average excess availability under the Revolving Credit Facility; (ii) a letter of credit participation fee on the aggregate stated amount of each letter of credit equal to the applicable margin for adjusted Eurodollar rate loans, as applicable; and (iii) certain other customary fees and expenses of the lenders and agents thereunder.

The Revolving Credit Facility contains customary covenants, including, but not limited to, restrictions on the Borrower's ability and that of our subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, make acquisitions, loans, advances or investments, pay dividends, sell or otherwise transfer assets, optionally prepay or modify terms of any junior indebtedness, enter into transactions with affiliates or change our line of business. The Revolving Credit Facility will require the maintenance of a fixed charge coverage ratio (as set forth in the credit agreement governing the Revolving Credit Facility) of 1.00 to 1.00 at the end of each fiscal quarter when excess availability is less than the greater of $25 million and 10% of the lesser of the borrowing base and maximum borrowing capacity. Such fixed charge coverage ratio will be tested at the end of each quarter until such time as excess availability exceeds the level set forth above.

The Revolving Credit Facility provides that, upon the occurrence of certain events of default, the Borrower's obligations thereunder may be accelerated and the lending commitments terminated. Such events of default include payment defaults to the lenders thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy, insolvency, corporate arrangement, winding-up, liquidation or similar proceedings, material money judgments, material pension-plan events, certain change of control events and other customary events of default.

Term Loan Facility

The Term Loan Facility is a term loan facility denominated in U.S. dollars in an aggregate principal amount of $1.18 billion as of September 30, 2023. Borrowings under the Term Loan Facility amortize in equal quarterly installments in an amount equal to 1.00% per annum of $1.325 billion principal amount. Borrowings will bear interest at a floating rate of Term SOFR plus an applicable margin of 4.50% per annum, subject to additional spread adjustment on SOFR ranging from 0.11% to 0.26%.

The Borrower may voluntarily prepay loans or reduce commitments under the Term Loan Facility, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty (other than a 1.00% premium on any prepayment in connection with a repricing transaction prior to April 2022).

The Borrower will be required to prepay the Term Loan Facility with 100% of the net cash proceeds of certain asset sales (such percentage subject to reduction based on the achievement of specific first lien net leverage ratios) and subject to certain reinvestment rights, 100% of the net cash proceeds of certain debt issuances and 50% of excess cash flow (such percentage subject to reduction based on the achievement of specific first lien net leverage ratios).

The Borrower's obligations under the Term Loan Facility are guaranteed by Holdings and the Guarantors. Our Term Loan Facility is secured by a lien on substantially all of Holdings', the Borrower's and the Guarantors' assets (subject to certain permitted exceptions). The Term Loan Facility has a first-priority lien on the fixed asset collateral (equal in priority with the liens securing the Notes) and a second-priority lien on security interests in the current asset collateral (second in priority to the liens securing the Revolving Credit Facility), in each case, subject to other permitted liens.

The Term Loan Facility contains certain customary negative covenants, including, but not limited to, restrictions on the Borrower's ability and that of our restricted subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets or enter into transactions with affiliates.

The Term Loan Facility provides that, upon the occurrence of certain events of default, the Borrower's obligations thereunder may be accelerated. Such events of default will include payment defaults to the lenders thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy, insolvency, corporate arrangement, winding-up, liquidation or similar proceedings, material money judgments, change of control and other customary events of default.

Senior Secured Notes

On October 28, 2020, Advantage Solutions FinCo LLC ("Finco") issued $775.0 million aggregate principal amount of 6.50% Senior Secured Notes due 2028 (the "Notes"). Immediately following such issuance, Finco merged with and into Advantage Sales & Marketing Inc. (in its capacity as the issuer of the Notes, the "Issuer"), with the Issuer continuing as the surviving entity and assuming the obligations of Finco. The Notes were sold to BofA Securities, Inc., Deutsche Bank Securities Inc., Morgan Stanley & Co. LLC and Apollo Global Securities, LLC. The Notes were resold to certain non-U.S. persons pursuant to Regulation S under the Securities Act of 1933, as amended (the "Securities Act"), and to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act at a purchase price equal to 100% of their principal amount. The terms of the Notes are governed by an Indenture, dated as of October 28, 2020 (the "Indenture"), among Finco, the Issuer, the guarantors named therein (the "Notes Guarantors") and Wilmington Trust, National Association, as trustee and collateral agent.

Interest and maturity

Interest on the Notes is payable semi-annually in arrears on May 15 and November 15 at a rate of 6.50% per annum. The Notes will mature on November 15, 2028.

Guarantees

The Notes are guaranteed by Holdings and each of the Issuer's direct and indirect wholly owned material U.S. subsidiaries (subject to certain permitted exceptions) and Canadian subsidiaries (subject to certain permitted exceptions, including exceptions based on immateriality thresholders of aggregate assets and revenues of Canadian subsidiaries) that is a borrower or guarantor under the Term Loan Facility.

Security and Ranking

The Notes and the related guarantees are the general, senior secured obligations of the Issuer and the Notes Guarantors, are secured on a first-priority pari passu basis by security interests on the fixed asset collateral (equal in priority with liens securing the Term Loan Facility), and are secured on a second-priority basis by security interests on the current asset collateral (second in priority to the liens securing the Revolving Credit Facility and equal in priority with liens securing the Term Loan Facility), in each case, subject to certain limitations and exceptions and permitted liens.

The Notes and related guarantees rank (i) equally in right of payment with all of the Issuer's and the Guarantors' senior indebtedness, without giving effect to collateral arrangements (including the Senior Secured Credit Facilities) and effectively equal to all of the Issuer's and the Guarantors' senior indebtedness secured on the same priority basis as the Notes, including the Term Loan Facility, (ii) effectively subordinated to any of the Issuer's and the Guarantors' indebtedness that is secured by assets that do not constitute collateral for the Notes to the extent of the value of the assets securing such indebtedness and to indebtedness that is secured by a senior-priority lien, including the Revolving Credit Facility to the extent of the value of the current asset collateral and (iii) structurally subordinated to the liabilities of the Issuer's non-Guarantor subsidiaries.

Optional redemption for the Notes

The Notes are redeemable on or after November 15, 2023 at the applicable redemption prices specified in the Indenture plus accrued and unpaid interest. The Notes may also be redeemed at any time prior to November 15, 2023 at a redemption price equal to 100% of the aggregate principal amount of such Notes to be redeemed plus a "make-whole" premium, plus accrued and unpaid interest. In addition, the Issuer may redeem up to 40% of the original aggregate principal amount of Notes before November 15, 2023 with the net cash proceeds of certain equity offerings at a redemption price equal to 106.5% of the aggregate principal amount of such Notes to be redeemed, plus accrued and unpaid interest. Furthermore, prior to November 15, 2023 the Issuer may redeem during each calendar year up to 10% of the original aggregate principal amount of the Notes at a redemption price equal to 103% of the aggregate principal amount of such Notes to be redeemed, plus accrued and unpaid interest. If the Issuer or its restricted subsidiaries sell certain of their respective assets or experience specific kinds of changes of control, subject to certain exceptions, the Issuer must offer to purchase the Notes at par. In connection with any offer to purchase all Notes, if holders of no less than 90% of the aggregate principal amount of Notes validly tender their Notes, the Issuer is entitled to redeem any remaining Notes at the price offered to each holder.

Restrictive covenants

The Notes are subject to covenants that, among other things limit the Issuer's ability and its restricted subsidiaries' ability to: incur additional indebtedness or guarantee indebtedness; pay dividends or make other distributions in respect of, or repurchase or redeem, the Issuer's or a parent entity's capital stock; prepay, redeem or repurchase certain indebtedness; issue certain preferred stock or similar equity securities; make loans and investments; sell or otherwise dispose of assets; incur liens; enter into transactions with affiliates; enter into agreements restricting the Issuer's subsidiaries' ability to pay dividends; and consolidate, merge or sell all or substantially all of the Issuer's assets. Most of these covenants will be suspended on the Notes so long as they have investment grade ratings from both Moody's Investors Service, Inc. and S&P Global Ratings and so long as no default or event of default under the Indenture has occurred and is continuing.

Events of default

The following constitute events of default under the Notes, among others: default in the payment of interest; default in the payment of principal; failure to comply with covenants; failure to pay other indebtedness after final maturity or acceleration of other indebtedness exceeding a specified amount; certain events of bankruptcy; failure to pay a judgment for payment of money exceeding a specified aggregate amount; voidance of subsidiary guarantees; failure of any material provision of any security document or intercreditor agreement to be in full force and effect; and lack of perfection of liens on a material portion of the collateral, in each case subject to applicable grace periods.

Future Cash Requirement

There were no material changes to our contractual future cash requirements from those disclosed in our 2022 Annual Report.

Cash and Cash Equivalents Held Outside the United States

As of September 30, 2023, and December 31, 2022, $64.3 million and $81.8 million, respectively, of our cash and cash equivalents were held by foreign subsidiaries. As of September 30, 2023, and December 31, 2022, $23.2 million and $28.1 million, respectively, of our cash and cash equivalents were held by foreign branches.

We assessed our determination as to our indefinite reinvestment intent for certain of our foreign subsidiaries and recorded a deferred tax liability of approximately $0.9 million of withholding tax as of September 30, 2023 for unremitted earnings in Canada with respect to which we do not have an indefinite reinvestment assertion. We will continue to evaluate our cash needs, however we currently do not intend, nor do we foresee a need, to repatriate funds from the foreign subsidiaries except for Canada. We have continued to assert indefinite reinvestment on all other earnings as it is necessary for continuing operations and to grow the business. If at a point in the future our assertion changes, we will evaluate tax-efficient means to repatriate the income. In addition, we expect existing domestic cash and cash flows from operations to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as debt repayment and capital expenditures, for at least the next 12 months and thereafter for the foreseeable future. If we should require more capital in the United States than is generated by our domestic operations, for example, to fund significant discretionary activities such as business acquisitions or to settle debt, we could elect to repatriate future earnings from foreign jurisdictions. These alternatives could result in higher income tax expense or increased interest expense. We consider the majority of the undistributed earnings of our foreign subsidiaries, as of September 30, 2023, to be indefinitely reinvested and, accordingly, no provision has been made for taxes in excess of the $0.9 million noted above.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets or any obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not included in our consolidated financial statements. Additionally, we do not have an interest in, or relationships with, any special-purpose entities.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are included in our 2022 Annual Report and did not materially change during the nine months ended September 30, 2023.

Recently Issued Accounting Pronouncements

Not applicable

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Risk

Our exposure to foreign currency exchange rate fluctuations is primarily the result of foreign subsidiaries and foreign branches primarily domiciled in Europe and Canada. We use financial derivative instruments to hedge foreign currency exchange rate risks associated with our Canadian subsidiary.

The assets and liabilities of our foreign subsidiaries and foreign branches, whose functional currencies are primarily Canadian dollars, British pounds and euros, respectively, are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at the average exchange rates prevailing during the period. The cumulative translation effects for subsidiaries using a functional currency other than the U.S. dollar are included in accumulated other comprehensive loss as a separate component of stockholders' equity. We estimate that had the exchange rate in each country unfavorably changed by ten percent relative to the U.S. dollar, our consolidated loss before taxes would have decreased by approximately $2.8 million for the nine months ended September 30, 2023.

Interest Rate Risk

Interest rate exposure relates primarily to the effect of interest rate changes on borrowings outstanding under the Term Loan Facility, Revolving Credit Facility and Notes.

We manage our interest rate risk through the use of derivative financial instruments. Specifically, we have entered into interest rate cap and collar agreements to manage our exposure to potential interest rate increases that may result from fluctuations in SOFR. We do not designate these derivatives as hedges for accounting purposes, and as a result, all changes in the fair value of derivatives, used to hedge interest rates, are recorded in "Interest expense, net" in our Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

As of September 30, 2023, we had an interest rate cap with an aggregate notional value of principal of $650.0 million with a maturity date of December 16, 2024. We also had interest rate collar contracts with an aggregate notional value of principal of $300.0 million with a maturity date of April 5, 2026. The aggregate fair value of our interest rate caps and collars represented an outstanding net asset of $39.3 million as of September 30, 2023.

Holding other variables constant, a change of one-eighth percentage point in the weighted average interest rate above the floor of 0.75% on the Term Loan Facility and Revolving Credit Facility would have resulted in an increase of $0.7 million in interest expense, net of gains from interest rate caps and collars, for the nine months ended September 30, 2023.

In the future, in order to manage our interest rate risk, we may refinance our existing debt, enter into additional interest rate cap agreements or modify our existing interest rate cap agreement. However, we do not intend or expect to enter into derivative or interest rate cap transactions for speculative purposes.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2023, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and (2) accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in internal control over financial reporting that occurred during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In designing and evaluating our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various legal matters that arise in the ordinary course of our business. Some of these legal matters purport or may be determined to be class and/or representative actions, or seek substantial damages or penalties. Some of these legal matters relate to disputes regarding acquisitions. In connection with certain of the below matters and other legal matters, we have accrued amounts that we believe are appropriate. There can be no assurance, however, that the below matters and other legal matters will not result in us having to make payments in excess of such accruals or that the below matters or other legal matters will not materially or adversely affect our business, financial position, results of operations, or cash flows.

Commercial Matters

We have been involved in various litigation matters and arbitrations with respect to commercial matters arising with clients, vendors and third-party sellers of businesses. We have retained outside counsel to represent us in these matters and we are vigorously defending our interests.

Employment-Related Matters

We have also been involved in various litigation, including purported class or representative actions with respect to matters arising under the U.S. Fair Labor Standards Act, California Labor Code and Private Attorneys General Act. Many involve allegations for allegedly failing to pay wages and/or overtime, failing to provide meal and rest breaks and failing to pay reporting time pay, waiting time penalties and other penalties.

Proceedings Relating to Take 5

In April 2018, we acquired the business of Take 5 Media Group (“Take 5”). As a result of an investigation into that business in 2019 that identified certain misconduct, we terminated all operations of the Take 5 in July 2019, including the use of its associated trade names and the offering of its services to its clients and offered refunds to clients of collected revenues attributable to the period after our acquisition. We refer to the foregoing as the Take 5 Matter. We voluntarily disclosed to the United States Attorney’s Office and the Federal Bureau of Investigation certain misconduct occurring at Take 5. We intend to cooperate in this and any other governmental investigations that may arise in connection with the Take 5 Matter. In October 2022, an arbitrator made a final award in our favor. We are currently unable to estimate if or when we will be able to collect any amounts associated with this arbitration. The Take 5 Matter may result in additional litigation against us, including lawsuits from clients, or governmental investigations, which may expose us to potential liability in excess of the amounts we offered by as refunds to Take 5 clients. We are currently unable to determine the amount of any potential liability, costs or expenses (above the amounts previously offered as refunds) that may result from any lawsuits or investigations associated with the Take 5 Matter or determine whether any such issues will have any future material adverse effect on our financial position, liquidity, or results of operations.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed under Part I, Item 1A “Risk Factors” in the 2022 Annual Report on Form 10-K, the current effects of which are discussed in more detail in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Quarterly Report on Form 10-Q. These risks are not the only risks that may affect us. Additional risks that we are not aware of or do not believe are material at the time of this filing may also become important factors that adversely affect our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2023, none of our directors and executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are filed with this Report:

Exhibit Number	Description
31.1+	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2+	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1**	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350
32.2**	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Filed herewith.
** Furnished herewith and not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

***

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ADVANTAGE SOLUTIONS INC.

By:	/s/ David Peacock
	David Peacock
	Chief Executive Officer (Principal Executive Officer)
Date:	November 7, 2023
By:	/s/ Christopher Growe
	Christopher Growe
	Chief Financial Officer (Principal Financial Officer)
Date:	November 7, 2023

Exhibit 31.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, David Peacock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Advantage Solutions Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2023

By:/s/ David Peacock
David Peacock
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christopher Growe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Advantage Solutions Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2023

By: /s/ Christopher Growe
Christopher Growe
Chief Financial Officer
(*Principal Financial Officer*)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION
1350, AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Advantage Solutions Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, David Peacock, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

November 7, 2023

By: /s/ David Peacock
David Peacock
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION
1350, AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Advantage Solutions Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, Christopher Growe, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

November 7, 2023

By: /s/ Christopher Growe
Christopher Growe
Chief Financial Officer
(*Principal Financial Officer*)