



ALLIANCE ENTERTAINMENT

Adara Acquisition Corp. (NYSE: ADRA, ADRA.U, ADRA.WS) is a blank check company organized for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization, or other similar business combination with one or more businesses or entities, and raised \$115 million in February 2021. Adara is led by its CEO, Tom Finke (former Chairman and CEO of Barings LLC) and its director, Tom Donaldson (founder of Blystone & Donaldson). In addition to Messrs. Finke and Donaldson, Adara's Board of Directors also include Frank Quintero, Dylan Glenn and Beatriz Acevedo-Greiff.

Alliance Entertainment is that Company

- Alliance Entertainment is sizable today, generating annualized revenue of \$1.4B and Adjusted EBITDA of \$76M as of March 31, 2022
- Leading Direct-to-Consumer (DTC) and eCommerce provider to the entertainment industry, offering over 485,000 unique in stock SKUs, of music, movies, video games, electronics, arcades and collectibles
- Alliance is the gateway between leading entertainment brands and retailers, providing a robust suite of eCommerce and brick-and-mortar (Omni-Channel) services to resellers and leading retailers worldwide
- Alliance & Adara are combining in a deal valued at \$480M



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Compelling Investment Case

- **A \$1.4 Billion leading Direct-to-Consumer and eCommerce provider for the entertainment industry – the gateway between brands and retailers**



- **Expects to expand and diversify by adding brands and retail partnerships**
 - Alliance is the conduit for leading brands to reach Alliance's current customer base, while helping Omni-Channel Retailers expand their product selection and fulfillment goals to create additional scale.
 - Alliance is the retailers' back office for in store and eCommerce solutions. All Electronic Data Interchange (EDI) and logistics are operational and ready for existing retail channels to add new products.
 - Alliance's goal has always been to provide all the meta-data of content & images, service, selection, and purchasing to Omni-Channel retailers to expand their selection to compete with the leading on-line Retailer.

Strategically Located Operations



Shepherdsville, KY 873K Sqft Facility
Shakopee, MN 220K Sqft Facility

Distribution Center **Offices**

- Management Bruce Ogilvie and Jeff Walker are distinguished innovators and expert consolidators, first in the physical media sector and now in the fulfillment and eCommerce distribution solutions space. **As the sole owners of Alliance, Bruce and Jeff are rolling over 100% of the ownership interests.**
- **Alliance stocks over 485,000 unique entertainment products** from Microsoft, Nintendo, Activision, Universal Music, Sega, Funko, Disney, Warner Home Video, Sony Music, Universal Video, and over 500 additional Entertainment product suppliers.
- Through the exclusive distribution divisions of AMPED, Distribution Solutions, and Cokem, Alliance is the exclusive distributor of over 57,300 unique Vinyl, CD, DVD, and Video Game products to retailers worldwide. \$240M of the \$1.4B is from exclusives.
- **Alliance has specialized in providing superior:**
 - **SERVICE:** Product and eCommerce distribution and inventory solutions
 - **SELECTION:** The largest in stock selection of over 485,000 SKUs
 - **TECHNOLOGY:** State-of-the art systems and facilities, investing in enhancements to its automated handling equipment capable of reducing shipping times, streamlining order processing, and improving overall warehouse management.

Transaction Structure

- Transaction is expected to close in Q4 2022
- Post-closing, the combined company will be listed on the NYSE American, will be named "Alliance Entertainment" and is expected to trade under the symbol "AENT"

Valuation

Transaction represents attractive pre-money valuation of \$480M based on 6.2x TTM Adjusted EBITDA compared to similar businesses and transactions.

- Proceeds from the transaction will be used to capitalize the balance sheet with \$108.2 million, which will primarily be used to execute acquisition strategy, increase market share, technological advancement, enhance DTC relationships and capabilities and expand into new consumer products

Capital Structure

- All-primary transaction; existing AE shareholders, are rolling 100% equity and are expected to collectively own ~78% of the pro forma company at closing
- The transaction will be funded by a \$116 million cash held in trust

Financial Summary

(\$ in millions)	2019A	2020A	2021A	TTM (3/31/22)
Revenue	\$746.5	\$775.6	\$1,323.6	\$1,465.2
Gross Profit	\$108.6	\$119.1	\$182.7	\$198.7
Gross Margin	14.5%	15.4%	13.8%	13.6%
Adjusted EBITDA	\$25.0	\$33.0	\$69.0	\$76.0
Adjusted EBITDA Margin	3.5%	4.3%	5.2%	5.2%
Net Income	\$(5.9)	\$5.4	\$34.2	\$37.8

Leadership History

Bruce and Jeff started Alliance Entertainment with less than \$200,000 of capital and is now a distributor and retailer of physical exclusive and non-exclusive media of the biggest brands in the entertainment business without raising equity from outside investors. Since 2003 they have completed over a dozen successful strategic acquisitions that has resulted in a diverse company of leaders. Most notable is Alliance in 2013, ANConnect in 2016, Distribution Solutions in 2018, Mecca in 2018, and Cokem in 2020. Their ability to source, negotiate, finance, close, integrate, and grow the acquisitions has been a winning formula for Alliance over the past 20 years.

BRUCE OGILVIE — Chairman

Bruce has spent his entire career in the entertainment distribution industry starting with the founding of Abbey Road Distributors in 1980. Over the next 14 years, he led Abbey Road's growth to over \$94M in sales and successfully sold the business in 1994. In 1995, he was awarded E&Y's Distribution Entrepreneur of the Year Award for his work with Abbey Road. Armed with start-up experience, a successful exit, and street-level distribution knowledge, in 1996, Bruce was selected by a bank group to turn around the 600-store chain, Warehouse Records. Under his leadership Warehouse emerged from bankruptcy within nine months and was sold to Cerberus Capital. Following his success with Warehouse Records, Bruce bought a one-third interest in Super D in 2001 and assumed the role as CEO, joining with founders Jeff Walker and David Hurwitz. Bruce became the Chairman in 2013 after the merger of Super D and Alliance Entertainment.



JEFF WALKER — Chief Executive Officer

After earning a degree in Economics from UC Irvine, Jeff Walker and David Hurwitz founded the CD Listening Bar in 1990, a retail music store. A few years later, Jeff and David started wholesaling CDs from the back of the store, beginning the journey to create Super D, a music wholesaler founded in 1995. In 2001, Jeff and David Hurwitz sold a third of Super D to Bruce Ogilvie. Over the next decade, Bruce and Jeff continued to grow Super D's presence in the music wholesaling space, culminating with the acquisition of Alliance Entertainment in 2013. Upon the closing of the Alliance acquisition, Jeff became the CEO of the combined company. In 2015, Jeff was awarded E&Y's Distribution Entrepreneur of the Year award in Orange County.



ALAN TUCHMAN — Director

PAUL EIBELER — COkEM Chairman

JOHN KUTCH — CFO

JOE REHAK — COkEM COO

MICHAEL PRENTICE — CIO

WARWICK GOLDBY — VP Distribution Ops.

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Pre Money Valuation

(\$000 in millions, except per share values)

Share price	\$10.00
Pro-forma shares outstanding (mm)	61
Pre Money Valuation	\$480

Transaction Sources (in millions)

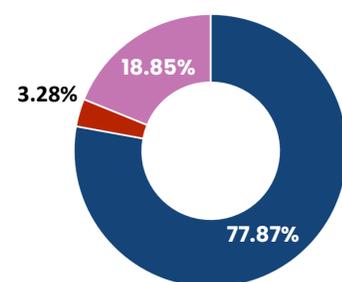
SPAC in Trust	\$116.2
Seller Rollover Equity	\$475
Total Sources	\$591.2

Transaction Uses (in millions)

Cash to Surviving Company Balance Sheet	\$108.2
Seller Rollover Equity	\$475.0
Transaction Expenses	\$8.0
Total Uses	\$591.2

- Up to 60 million shares of contingent common stock to be issued to Alliance stockholders in connection with the business combination; contingent stock is issued in three tranches when publicly traded stock prices reach \$20, \$30 and \$50 per share, and under a variety of conditions and amounts. Does not include shares issuable upon exercise of Adara Warrants or shares issuable under equity plan to be implemented upon closing.
- 47.5M Shares does not include 500K to employees pursuant to adopted employee equity plan.
- Excludes 5.75 million public warrants, 4.12 million sponsor warrants, and 50,000 underwriter warrants.
- Assumes no redemptions.
- Reflects a forfeiture of 875,000 sponsor shares and includes an additional 500,000 shares which may be forfeited by sponsor in Alliance's sole discretion.

Illustrative Pro-forma Ownership



- Existing Alliance Shareholders²
- Adara Sponsors⁵
- SPAC in Trust