



# Alliance Entertainment

**Investor Presentation**

June 23, 2022

Confidential

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If the Proposed Business Combination is pursued, Adara intends to file with the Securities and Exchange Commission (“SEC”) a registration statement on Form S-4 containing a preliminary proxy statement and a preliminary prospectus of Adara, and, after the registration statement is declared effective, Adara will mail a definitive proxy statement/prospectus relating to the Proposed Business Combination to its stockholders. Shareholders and other interested persons are urged to read the preliminary proxy statement/prospectus and the amendments thereto and the definitive proxy statement/prospectus and any other relevant documents filed with the SEC when they become available because they will contain important information about Adara, Alliance and the Proposed Business Combination. When available, the definitive proxy statement/prospectus and other relevant materials for the Proposed Business Combination will be mailed to stockholders of Adara as of a record date to be established for voting on the Proposed Business Combination. Shareholders will also be able to obtain free copies of the preliminary proxy statement/prospectus, the definitive proxy statement/prospectus and other documents filed with the SEC, once available, without charge, at the SEC’s website located at [www.sec.gov](http://www.sec.gov), or by directing a request to: Adara Acquisition Corp., 211 East Blvd, Charlotte, North Carolina 2803. Adara, Alliance and their directors and executive officers and other persons may be deemed to be participants in the solicitations of proxies from Adara’s shareholders in respect of the Proposed Business Combination and the other matters set forth in the registration statement. Information regarding Adara’s directors and executive officers is available under the heading “Management” in its final prospectus relating to its initial public offering dated February 3, 2021, which was filed with the SEC and is available free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov), or by directing a request to: Adara Acquisition Corp., 211 East Blvd, Charlotte, North Carolina 28203. Additional information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus relating to the Proposed Business Combination when it becomes available.

## Forward Looking Statements

Certain statements included in this Presentation that are not historical facts are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “plan,” “predict,” “potential,” “seem,” “seek,” “future,” “outlook,” and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding estimates and forecasts of other financial and performance metrics and projections of market opportunity. These statements are based on various assumptions, whether identified in this Presentation, and on the current expectations of Adara and Alliance’s management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as and must not be relied on by an investor as, a guarantee, an assurance, a prediction, or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of Adara and Alliance. These forward-looking statements are subject to a number of risks and uncertainties, including changes in domestic and foreign business, market, financial, political, and legal conditions; the inability of the parties to successfully or timely consummate the Proposed Business Combination, including the risk that any regulatory approvals are not obtained, are delayed or are subject to unanticipated conditions that could adversely affect the combined company or the expected benefits of the Proposed Business Combination or that the approval of the stockholders of Adara or Alliance is not obtained; failure to realize the anticipated benefits of the Proposed Business Combination; risks related to the rollout of Alliance’s business and the timing of expected business milestones; the effects of competition of Alliance’s future business; failure to realize the anticipated benefits of the Proposed Business Combination; the effects of competition on Alliance’s future business; the effects of competition on Alliance’s future business; the inability to complete the Proposed Business Combination, including due to failure to obtain approval of the Adara stockholders; the amount of redemption requests made by Adara’s stockholders; the ability of Alliance or the combined company to issue equity or equity-linked securities or obtain debt financing in connection with the Proposed Business Combination or in the future, and those factors discussed in Adara’s final prospectus dated February 8, 2021 under the heading “Risk Factors,” and other documents of Adara filed, or to be filed, with the SEC.



# Legal Disclaimer - Continued

Additional risks related to Alliance's business in particular include, but are not limited to the risk that the Proposed Business Combination disrupts current Alliance business plans and operations as a result of the announcement and consummation of the Proposed Business Combination; the inability to recognize the anticipated benefits of the Proposed Business Combination, which may be affected by, among other things, competition, the ability of the combined Alliance to grow and manage growth profitably, the ability of Alliance to maintain relationships with customers and suppliers and retain key employees; costs related to the Proposed Business Combination; changes in the applicable laws or regulations; the possibility that the combined company may be adversely affected by other economic, business, and/or competitive factors; the impact of the global COVID-19 pandemic, are subject to a number of risks and uncertainties that could cause actual results to differ from those contained in the forward looking statements. Such risk factors also include, among others, future growth expectations and acquisitions; specific economic conditions in the United States; changes in laws and regulations; potential liability from future litigation; the diversion of management time on acquisitions and integration related issues; modifications or adjustments to Alliance's financial statements as a result of applicable securities laws; and general economic conditions. In addition, there will be risks and uncertainties described in the registration statement on Form S-4 relating to the Proposed Business Combination, which is expected to be filed by Adara or Alliance and its affiliates with the SEC and other documents filed by Adara or Alliance or its affiliates from time to time with the SEC. These filings will identify and address other important risks and uncertainties that could cause actual events and results to differ materially from expected results contained in the forward-looking statements. Most of these factors are outside Alliance's and Adara's control and are difficult to predict.

## **Financial Information; Non-GAAP Financial Measures**

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Adara and Alliance believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating operating results and trends in and in comparing Alliance's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Alliance's financial statements. In addition, they 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. In order to compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. You should review Alliance's audited financial statements, which will be included in the registration statement and proxy statement to be filed with the SEC.

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# Introduction



**Tom Finke** Adara Chairman & CEO



**Tom Donaldson** Adara Director

- Adara was formed with the goal of merging with a company led by a great management team that had a proven track record of growth in the consumer space, a strong financial position and a clear vision for strategically growing as a public company

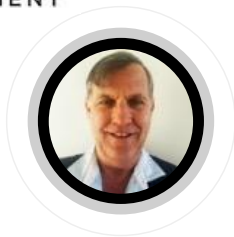


## **Alliance Entertainment is that company**

- Alliance Entertainment is sizable today, generating annualized revenue of \$1.4 billion and Adjusted EBITDA of \$76 million as of March 31, 2022
- Leading direct-to-consumer and e-commerce provider to the entertainment industry, offering over 485,000 unique in stock SKUs, from music to movies, video games to electronics and arcades to collectibles
- Alliance is the gateway between leading entertainment brands and retailers, providing a robust suite of services to resellers and leading retailers worldwide
- Alliance and Adara are combining in a deal valued at \$480 million

## **Transaction Highlights**

- *Implied Proforma Equity Value of \$480 Million*
- *\$109 Million Estimated Gross Proceeds*
- *Transaction is Expected to Close Fourth Quarter 2022*
- *Current Owners of Alliance Entertainment will Hold Approximately 78% and Current Adara Shareholders will Hold Approximately 22% of Combined Company*



**BRUCE OGILVIE** Alliance Chairman



**JEFF WALKER** Alliance Chief Executive Officer

- 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
- Alliance Entertainment has grown to over \$75 million in annual EBITDA and employs over 1,200 team members, ships to over 35,000 storefronts and distributes over 485,000 in stock SKUs to the largest retailers in the world
- Trusted supplier and category captain for Walmart and a trusted Omni Channel supplier to Amazon, Best Buy, Costco, Target, Kohl's, BJ's, Meijer, and Barnes& Noble.
- Operating as a public company, access to capital markets will allow continued future acquisitions and earnings growth
- Continued growth and acquisitions to expand selection and gain market share, enter new markets and continue diversification while maintaining fiscal responsibility

*"Our vision is simple: be the best in class with service, selection and technology. By being the best, that will create more growth and opportunities."*

# Overview

Alliance is a \$1.4 Billion leading Direct-to-Consumer (DTC) and eCommerce provider for the entertainment industry  
We are the gateway between brands and retailers



# Expansion Plans

**Alliance 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.

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.

**Acquire & Consolidate**

**Synergize**

**Create Value**



**amazon**



**Walmart**

**wayfair**

**COSTCO  
WHOLESALE**



**BARNES  
& NOBLE**



**KOHL'S**

**shopify**

**ebay**

# Leadership History

Since 2001, Bruce Ogilvie and Jeff Walker have shared the leadership duties of Alliance Entertainment, with Jeff overseeing sales, finance, purchasing and administration; and Bruce overseeing warehouse and technology operations. Together they have set the strategy for executing on multiple acquisitions including acquiring Alliance Entertainment in 2013, creating a packaged media distribution company. Since the Alliance acquisition, Bruce and Jeff have anticipated and executed on emerging trends in the industry building Alliance into the largest physical media and entertainment product distributor in the world, and a leader in fulfillment and eCommerce distribution solutions.

## Alliance Management Team

Bruce Ogilvie and Jeff Walker have distinguished themselves as 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 Entertainment, Bruce and Jeff are rolling over 100% of the ownership interests.**



### 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, Bruce led Abbey Road's growth to over \$94 million in sales and successfully sold the business in 1994. In 1995, Bruce 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, Wherehouse Records. Under Bruce's leadership Wherehouse emerged from bankruptcy within nine months and was sold to Cerberus Capital. Following his success with Wherehouse 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, Bruce became the CEO of the combined company. In 2015, Jeff was awarded E&Y's Distribution Entrepreneur of the Year award in Orange County.

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#### ■ ALAN TUCHMAN

Director

#### ■ JOE REHAK

COKeM COO

#### ■ PAUL EIBELER

COKeM Chairman

#### ■ MICHAEL PRENTICE

CIO

#### ■ JOHN KUTCH

CFO

#### ■ WARWICK GOLDBY

VP Distribution Operations



# Growth History

**2013**

## **Music & Video Distribution**

- Super D acquires Alliance Entertainment becoming the largest music and video distributor
- The first major step in consolidating the 3 main packaged media categories. Super D rebrands to Alliance Entertainment post acquisition



**2018**

## **Gaming**

- Mecca Acquisition
- Microsoft, Sony, and Nintendo suppliers added
- Alliance enters the gaming space, expanding its already diverse physical media product offering



**2020**

## **Gaming**

- COKeM Acquisition
- Walmart, Best Buy, Target, GameStop, Kohls, and Costco accounts added
- Alliances adds the leading gaming distributor with significant store and DTC sales



**2016**

## **Music & VMI**

- Anderson Merchandisers Acquisition
- Walmart & Best Buy accounts added
- Vendor Managed Inventory (VMI) system and software systems acquired, providing Alliance with a critical addition to its service offering

**2018**

## **Video Exclusive Distribution**

- Distribution Solutions Acquisition
- Walmart, Amazon, Target, and Best Buy Video Movie Supplier Numbers added
- 20 exclusive video distribution studios acquired

## Investment Thesis

Alliance is one of the largest physical media and entertainment product distributors in the world and is a leader in fulfillment and eCommerce distribution solutions. Its existing product and service offering has positioned the Company to capitalize on shifts towards eCommerce and Omni-Channel strategies, especially with retailers and manufacturers vastly increased reliance on their DTC fulfillment and distribution partners.



### **MANAGEMENT EXPERIENCE & ROLLOVER**

With 30+ years of experience, Alliance management has extensive knowledge and is rolling over all of their equity in preparation to lead the Company towards future growth.



### **INDUSTRY LEADING MARKET SHARE**

Alliance is a leader in fulfillment and eCommerce distribution.



### **ORGANIC GROWTH OPPORTUNITIES**

Through the expansion of partnerships with vendors and customers as well as investment in existing facilities, Alliance expects to continue to grow revenue and expand margins.



### **CONSOLIDATION OPPORTUNITIES**

Alliance management has significant M&A experience to drive future growth through the acquisition of complementary businesses and competitors.



### **COMPELLING VALUATION**

Based on 6.2x TTM EBITDA, the equity valuation is attractive compared to similar businesses and transactions.

## **Use of Proceeds**

With a public listing, Alliance will have access to additional capital to finance future growth

### **EXECUTE ACQUISITION STRATEGY**

Alliance has a proven track record of successfully acquiring and integrating competitors and complementary businesses. With additional capital, Alliance will be able to more effectively execute on its acquisition strategy.

### **INCREASE MARKET SHARE**

Expanding its existing product and service offerings and executing its acquisition strategy will drive Alliance's efforts toward increasing market share.

### **TECHNOLOGICAL ADVANCEMENT**

Alliance will further invest in automating facilities and upgrading proprietary software.

### **ENHANCE DTC RELATIONSHIPS & CAPABILITIES**

Alliance's DTC services are in greater demand as consumer preferences shift and stress retailers' eCommerce and DTC capabilities. Enhancing DTC relationships will grow existing revenue lines and improving capabilities will generate a more attractive overall service offering.

### **EXPAND INTO NEW CONSUMER PRODUCTS**

Leveraging existing relationships, Alliance can expand into new consumer product segments, growing its product offering and providing more to its existing customer base while attracting new customers in the process.





# Financial Summary

## GROWING REVENUES

### \$1.47 BILLION & GROWING

Alliance has grown revenues by expanding its customer base and product offering, and through several successful acquisitions.

## EXPANDING EARNINGS

### \$76+ MILLION ADJUSTED EBITDA & EXPANDING MARGINS

Alliance has driven margin expansion since inception through effective cost control measures and successful acquisition integrations.

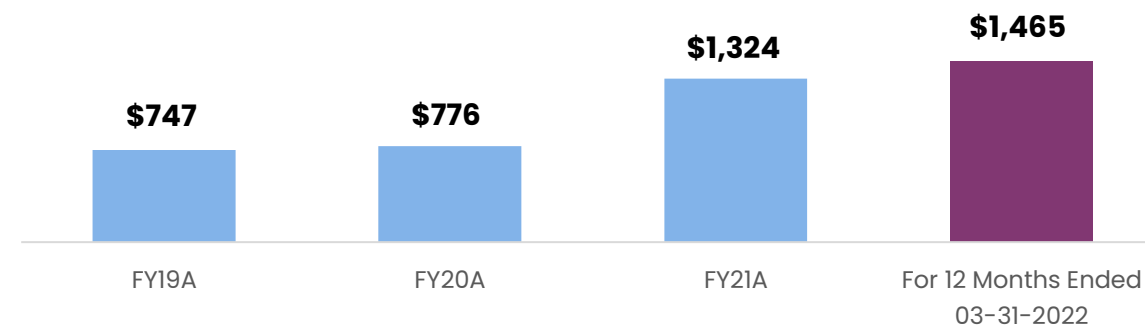
## ATTRACTIVE MULTIPLE

### Based on 6.2x TTM ADJUSTED EBITDA<sup>3</sup>

Alliance has an attractive pre-money valuation of \$479 million, based on 6.2x 03-31-2022 adjusted EBITDA.

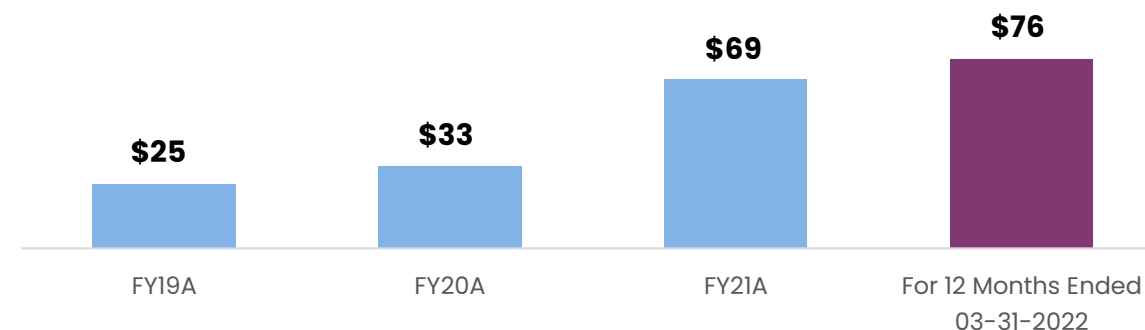
## REVENUE<sup>1, 2</sup>

(\$ in millions, Fiscal Year Ends 6/30)



## ADJUSTED EBITDA<sup>1, 2</sup>

(\$ in millions, Fiscal Year Ends 6/30)



### ADJUSTED EBITDA MARGIN

3.5%

4.3%

5.2%

5.2%

1. 12 Months Ended 03-31-2022

2. A reconciliation of Adjusted EBITDA to GAAP Net Income is provided on Exhibit 1.

3. The 6.24x EBITDA multiple is based on TTM EBITDA, excluding Capital Expenditures (as of 03-31-2022) as set forth in Alliance's financing compliance certificate.



# Transaction Overview

## SOURCES

SPAC in Trust <sup>4</sup>	\$116,150,000
Seller Rollover Equity	\$475,000,000
<b>Total Sources</b>	<b>\$591,150,000</b>

## USES

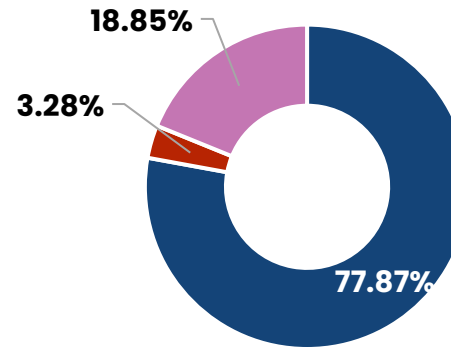
Cash to Surviving Company Balance Sheet	\$108,150,000
Seller Rollover Equity	\$475,000,000
Transaction Expenses	\$8,025,000
<b>Total Uses</b>	<b>\$591,150,000</b>

## PRO FORMA CAPITALIZATION @ \$10.10 PER SHARE <sup>1</sup>

SPAC in Trust	\$116,150,000
Seller Rollover Equity	\$497,500,000
<b>Total Sources</b>	<b>\$613,650,000</b>

- 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.

## Pro Forma Ownership



## Common Stock Outstanding

■ Existing Alliance <sup>2</sup> Shareholders	-	47,500,000	77.87%
■ Adara Sponsors <sup>5</sup>	-	2,000,000	3.28%
■ SPAC in Trust	-	11,500,000	18.85%
<b>Total Common Shares <sup>3</sup></b>	<b>-</b>	<b>61,000,000</b>	<b>100.00%</b>

- \$108.15 million in cash on balance sheet after closing
- \$479.75 million pre-money valuation



## Alliance provides traditional retailers with world class eCommerce abilities, leveling the playing field

Alliance has specialized in providing superior:



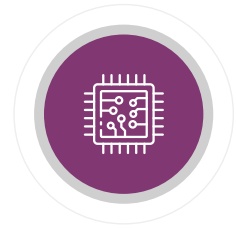
### **SERVICE**

Product and eCommerce distribution and inventory solutions



### **SELECTION**

One of the largest physical media and entertainment product distributors



### **TECHNOLOGY**

State-of-the art systems and facilities

# Service

## Alliance provides efficient, Omni-Channel expansion solutions for retailers

### eCommerce & DTC

Alliance provides a full, enterprise-level infrastructure and drop ships orders directly to consumers on behalf of its customers. The entire ordering, confirmation and invoicing process is automated. The functionality allows customers to focus on sales while Alliance performs all stocking, warehousing and shipping functions.

### Vendor Managed Inventory

Alliance is a leader in vendor managed inventory (VMI) solutions providing solutions tailored to customers to support their inventory needs. These value-add services provide a highly technical, critical business function for partners.

**END-TO-END  
ECOMMERCE  
SOLUTION**

**AUTOMATED DTC  
PROCESS**

**OMNI-CHANNEL  
STRATEGY  
SUPPORT**

**INVENTORY &  
CATEGORY  
MANAGEMENT  
SYSTEMS**

**MERCHANDISING  
SERVICES &  
IN-STORE  
OPERATIONS**

**INVENTORY &  
PRODUCT  
PLACEMENT**





# Selection

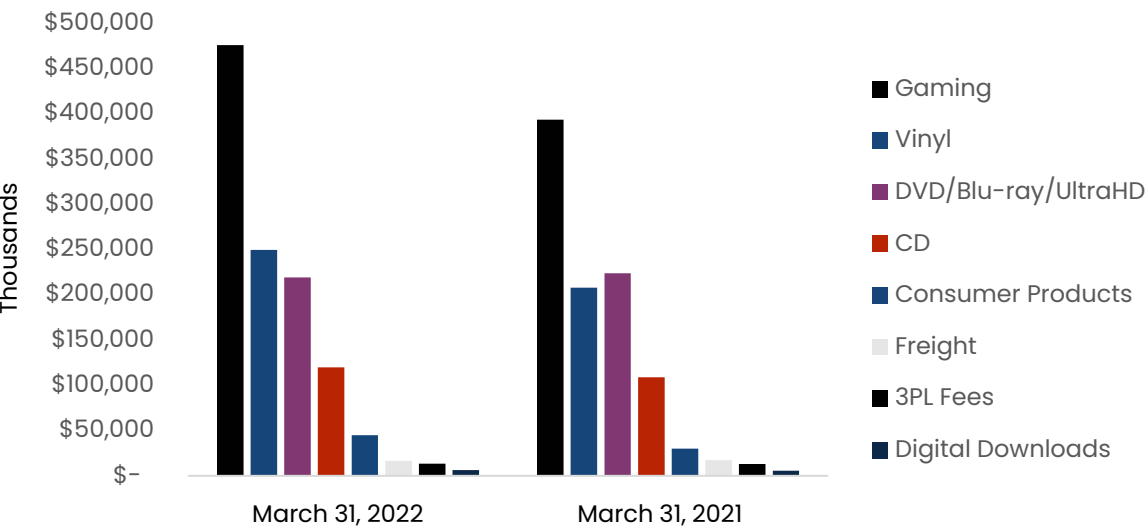
Alliance consolidates and distributes a vast portfolio of entertainment products, while its proprietary database powers retailers' online music and gaming offerings





# Sales by Configuration

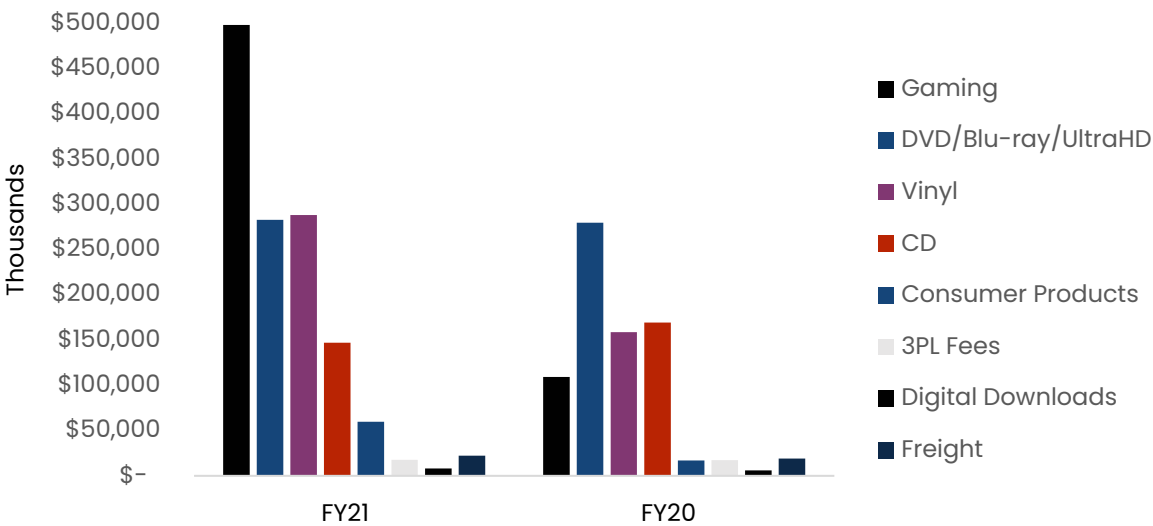
9 Months Ended March 31



(\$ in Thousands)

Sales by Configuration	March 31, 2022		March 31, 2021	
Gaming	\$476,092	41.3%	\$393,372	38.9%
Vinyl	\$249,544	21.6%	\$207,950	20.6%
DVD/Blu-ray/UltraHD	\$219,104	19.0%	\$223,719	22.1%
CD	\$119,686	10.4%	\$108,733	10.8%
Consumer Products	\$44,988	3.9%	\$30,043	3.0%
Freight	\$16,720	1.5%	\$17,126	1.7%
3PL Fees	\$13,540	1.2%	\$13,032	1.3%
Digital Downloads	\$6,357	0.6%	\$5,483	0.5%
Grand Total	\$1,152,782	100%	\$1,010,786	100%

Fiscal Year



(\$ in Thousands)

Sales by Configuration	FY21		FY20	
Gaming	\$498,340	37.6%	\$109,038	14.0%
DVD/Blu-ray/UltraHD	\$282,786	21.4%	\$279,802	36.0%
Vinyl	\$288,284	21.8%	\$158,758	20.4%
CD	\$146,947	11.1%	\$169,403	21.8%
Consumer Products	\$59,694	4.5%	\$16,837	2.2%
3PL Fees	\$17,460	1.3%	\$17,430	2.2%
Digital Downloads	\$8,191	0.6%	\$5,967	0.8%
Freight	\$22,260	1.7%	\$19,138	2.5%
Total	\$1,323,962	100.0%	\$776,373	100.0%

# Technology

Alliance is investing in enhancements to its automated handling equipment capable of reducing shipping times, streamlining order processing, and improving overall warehouse management.

## AutoStore Automated Storage & Retrieval System

In 2021, Alliance initiated installation of an AutoStore Automated Storage & Retrieval System (ASRS) for its Shepherdsville warehouse. This system will dramatically improve Alliance’s warehouse operations, allowing the Company to achieve increased levels of speed, reliability, capacity, and precision, resulting in significant cost savings.



Click Icon Below For Video



Increased  
Storage  
Capacity



Drive Future  
Savings



Improved  
Energy  
Efficiency



24/7 Access

# Strategically Located Operations

Through its highly skilled workforce and tech enabled facilities, Alliance has established a strong fulfillment and distribution infrastructure that allows the Company to achieve industry leading speed and accuracy metrics.



- Distribution Center**
- Shepherdsville, KY
  - Shakopee, MN
  - Dallas, TX
  - Los Angeles, CA
  - Charlotte, NC

- Offices**
- Bentonville, AR
  - Itasca, IL
  - Irvine, CA
  - Sacramento, CA
  - El Segundo, CA
  - Minneapolis, MN
  - Shepherdsville, KY
  - Sunrise, FL

**Shepherdsville, KY**  
873K Sqft Facility



**Shakopee, MN**  
220K Sqft Facility



Click Icons  
for Videos



# Income Statement

	For Nine Months Ended	For Nine Months Ended		Fiscal Year	
(\$ in 000's)	03-31-2021	03-31-2022	06-30-2019	06-30-2020	06-30-2021
Revenue	\$1,010,599	\$1,152,198	\$746,529	\$775,596	\$1,323,567
YoY Revenue Growth %	67.78%	14.01%		3.89%	70.65%
<b>Cost of Goods Sold</b>	872,760	998,298	637,970	656,485	1,140,885
Gross Profit	\$137,839	\$153,900	\$108,559	\$119,111	\$182,682
Gross Profit %	13.6%	13.4%	14.5%	15.4%	13.8%
<b>Operating Expenses:</b>					
Distribution and Fulfilment Expense	42,732	48,961	37,121	35,877	56,885
Selling, General and Administrative	42,321	44,364	46,929	50,007	57,250
<b>Total Operating Expenses</b>	85,053	93,325	84,050	85,884	114,135
	8.4%	8.1%	11.3%	11.1%	8.6%
<b>Non-Operating Expenses:</b>					
Depreciation	4,378	2,458	6,232	7,124	5,623
Amortization	4,521	3,872	7,851	8,660	6,028
Interest Expense	2,306	2,740	6,850	3,524	2,938
IC-DISC Commissions	3,999	8,014	7,050	8,182	5,394
Income Taxes (Benefits)	8,168	10,497	2,415	376	10,791
Gain/Loss on Disposal of PPE & FX Currency	40	-	(33)	318	72
Mergers & Acquisition Fees	3,509	(251)	4	-	3,509
<b>Total Non-Operating Expenses</b>	26,921	27,330	30,369	28,184	34,355
	2.7%	2.4%	4.1%	3.6%	2.6%
<b>Operating Earnings</b>	<b>\$52,786</b>	<b>\$60,576</b>	<b>\$24,509</b>	<b>\$33,227</b>	<b>\$68,547</b>
Operating Profit %	5.2%	5.3%	3.3%	4.3%	5.2%



# Balance Sheet

	Pro Forma 3-31-2022 Reviewed Post Transaction	Reviewed As of 03-31-2022	Audited As of 06-31-2021
(\$ in 000's)			
<b>ASSETS</b>			
Cash and Equivalents.	110,607	1,482	4,028
Accounts Receivable – Trade	116,701	116,701	111,332
Inventory	249,773	249,773	141,661
Other Current Assets	8,659	8,659	8,761
Net PP&E & Operating Lease Right-Of-Use Assets	33,415	33,415	18,989
Net Intangible Assets	20,055	20,055	23,927
Net Goodwill	79,903	79,903	79,903
Total Other Assets	3,760	3,760	361
<b>Total Assets</b>	<b>\$602,820</b>	<b>\$493,695</b>	<b>\$388,962</b>
<b>LIABILITIES</b>			
Accounts Payable	223,453	223,453	227,887
Line of Credit	133,679	133,679	53,580
Other Current Liabilities	5,026	5,026	10,718
Non-Current Liabilities	15,726	15,726	16,475
<b>Total Liabilities</b>	<b>377,634</b>	<b>377,634</b>	<b>308,660</b>
<b>EQUITY</b>	<b>225,186</b>	<b>116,061</b>	<b>80,302</b>
<b>Total Liabilities and Equity</b>	<b>\$602,820</b>	<b>\$493,695</b>	<b>\$388,962</b>

## **ESG Initiatives**

Alliance continues to evolve, expanding the efficiency and environmental efficacy of its operations through a number of ESG efforts



### **ENVIRONMENTAL INITIATIVES**

Alliance has introduced eco-friendly CDF packaging, implemented paperless pick, pack and ship processes, and plans to reduce emissions with its new AutoStore ASRS system.



### **DIVERSITY & INCLUSION EFFORTS**

Creating and sustaining a diverse and inclusive working environment is a critical component of Alliance's core values.



### **DEDICATION TO SAFETY**

Workplace safety is a priority for Alliance having implemented numerous measures to minimize accidents within the workplace.



### **Project Gigaton**

Alliance participates in Walmart's Project Gigaton. This project seeks to remove one billion metric tons (a gigaton) of greenhouse gases from the global value chain by 2030. Click the icon for more information.

# Summary

Alliance is one of the largest physical media companies in the Entertainment industry and is a leader in fulfillment and eCommerce distribution for the largest Omni-Channel retailers.

## MANAGEMENT EXPERIENCE

Management has a proven track record of acquiring and integrating companies, significantly growing both revenue and earnings in the process.

## 100% MANAGEMENT ROLLOVER

Management is rolling 100% of their ownership into the transaction, maximizing cash on the balance sheet to fund growth.

## COMPELLING VALUATION

At \$479.75 million pre-money equity value (based on 6.2x TTM Adjusted EBITDA) Alliance is attractive compared to similar businesses and transaction.

As a public company with strong cash flow and over \$110 million of cash, Alliance is well positioned to grow through acquisitions, enhance DTC relationships, and expand product offerings.





# Adara Acquisition Corp.

**Adara Acquisition Corp. (NYSE: ADRA), was formed to seek a target in the high-growth middle market. The management team, chosen from diverse backgrounds, have one common trait:**

*A Reputation for identifying and closing acquisitions of top high-growth business, and helping those businesses achieve scale to actualize their growth potential*

**Adara's selection process centered on finding a target with:**

*Strong Management Team*



*Proven Revenues & Earnings Growth*



*Compelling Business Strategy*

## Adara Leadership Team



**Tom Finke**

**Chairman & CEO**

Director, INVESCO Board Member  
NYSE: IVZ

Former Chairman & CEO, Barings

CIO & EVP, MassMutual

Duke University MBA

University of Virginia



**Tom Donaldson**

**Director**

Managing Partner & Founder,  
Blystone & Donaldson

Former Senior Executive, Investors  
Management Corporation

Partner, McGuire Woods

Villanova University JD  
& MBA

North Carolina State University



**Beatriz Acevedo**

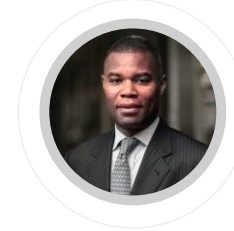
**Director**

CEO & Founding Partner, Suma  
Wealth

Partner,  
9th Wonder Agency

Founding Partner, Acevedo  
Foundation

University of California  
San Diego



**Dylan Glenn**

**Director**

Senior Director, Eldridge

Former CEO, KBBO Americas

Senior Managing Director  
Guggenheim Partners

Special Assistant to President  
George W. Bush

Davidson College



**Frank Quintero**

**Director**

Principal, Yucaipa Companies

Special Assistant to California  
Governor Gray Davis

Board Member, BioSig Technologies  
NASDAQ: BSGM

University of California Los Angeles



## Exhibit 1

# Reconciliation of Adjusted EBITDA to GAAP Net Income <sup>1</sup>

	For Nine Months Ended	For Nine Months Ended	Fiscal Year			For 12 Months Ended
(\$ in 000's)	03-31-2021	03-31-2022	06-30-2019	06-30-2020	06-30-2021	03-31-2022
<b>Operating Earnings Before Depreciation &amp; Amortization</b>	<b>\$52,786</b>	<b>\$60,576</b>	<b>\$24,509</b>	<b>\$33,227</b>	<b>\$68,547</b>	<b>\$76,359</b>
<b>Net Income/(Loss) Per GAAP</b>	<b>\$25,865</b>	<b>\$33,246</b>	<b>\$(5,861)</b>	<b>\$5,044</b>	<b>\$34,194</b>	<b>\$37,828</b>
<b>Adj. EBITDA Calculation:</b>						
Net Income/Loss per GAAP	25,865	33,246	(5,861)	5,044	34,194	37,828
Depreciation	4,378	2,458	6,232	7,124	5,623	3,703
Amortization	4,521	3,872	8,841	8,987	6,028	5,379
Interest Expense	2,306	2,740	6,850	3,524	2,938	3,372
IC-DISC Commissions	3,999	8,104	7,050	8,182	5,394	8,014
Income Taxes (Benefits)	8,168	10,497	2,415	376	10,791	12,417
Gain/Loss Disposal of PPE	40	-	(33)	318	72	47
Mergers & Acquisition Fees	3,509	(251)	4	-	3,509	(251)
<b>Adjusted EBITDA</b>	<b>\$52,786</b>	<b>\$60,576</b>	<b>\$24,509</b>	<b>\$33,227</b>	<b>\$68,547</b>	<b>\$76,359</b>

1.. Mergers & Acquisition Fees related to the proposed transaction are not included.

## Exhibit 2

# Consolidated Statement of Cash Flows<sup>1</sup>

(\$ in 000's)	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
<b>Cash Flows from Operating Activities</b>			
Net Income (Loss)	<b>\$34,178</b>	<b>\$5,362</b>	<b>\$(5,894)</b>
Adjustments to Reconcile Net Income			
Cash provided by (Used In) Operating Activities			
Depreciation of Property and Equipment	5,623	7,124	6,232
Amortization of Intangible Assets	5,772	8,660	7,851
Amortization of Deferred Financing Costs (Included in Interest)	334	358	358
Payment-in-Kind, Interest			2,600
Bad Debt Expense (Reversal)	225	155	(188)
Deferred Income Taxes	1,543	1,286	2,195
Loss on Disposal of Fixed Assets	87	-	-
Changes in Assets and Liabilities, Net of Acquisitions			
Trade Receivables	8,053	13,684	(8,988)
Related Party Receivable	157	(1,633)	-
Inventory	(8,617)	35,821	2,989
Income Taxes Payable/Receivable	4,453	(1,187)	1,733
Operating Lease Right-Of-Use Assets	(817)	3,137	(14,979)
Operating Lease Obligations	664	(3,284)	16,518
Other Assets	1,980	3,228	1,087
Accounts Payable	18,686	(38,761)	(14,136)
Accrued Expenses	2,395	(6,560)	(2,602)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$74,716</b>	<b>\$27,391</b>	<b>\$(5,224)</b>

1. Differences in Net Income (Loss) figures from Exhibit 1 are due to currency conversion. Net Income (Loss) figures above are pre currency conversion.