



Alliance Entertainment

We bring entertainment to you!

Third Quarter 2024 Financial Results Conference Call

NASDAQ: AENT

May 9, 2024

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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 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 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; risks related to the rollout of Alliance’s business and the timing of expected business milestones; the effects of competition on Alliance’s future business; risks and failure by Alliance to meet the covenant requirements of its revolving credit facility, our ability to issue equity or equity-linked securities or obtain debt financing in the future, and the potential negative effect on the price and liquidity of Alliance’s securities and those factors discussed in Alliance’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023 under the heading “Risk Factors”.

Additional risks related to Alliance’s business in particular include, but are not limited to competition, the ability of Alliance to grow and manage growth profitably, the ability of Alliance to maintain relationships with customers and suppliers and retain key employees; changes in the applicable laws or regulations; the possibility that Alliance may be adversely affected by other economic, business, material weaknesses in Alliance’s internal control over financial reporting, and/or competitive factors. There may be additional risks and uncertainties that Alliance does not presently know or currently believes are immaterial 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. Most of these factors are outside Alliance’s control and are difficult to predict.

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Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with United States generally accepted accounting principles (“GAAP”), some of the financial information and data contained in this Presentation, such as Adjusted EBITDA, EBITDA-CapEx and EV/EBITDA, has not been prepared in accordance with GAAP. Alliance believes these non-GAAP measures of financial results provide useful informant to management and investors regarding certain financial and business trends relating to Alliance’s financial condition and results of operations. Alliance’s management uses these non-GAAP measures for trend analyses, for purposes of determining management incentive compensation, and for budgeting and planning purposes.

Alliance believes 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. Accordingly, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies, including companies in our industry, because other companies may calculate Adjusted EBITDA in a different manner than we calculate this measure. In order to compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. In evaluating Adjusted EBITDA and EBITDA, you should be aware that in the future we may or may not incur expenses similar to some of the adjustments we have reported. Our presentation of Adjusted EBITDA and EBITDA does not imply that our future results will be unaffected by these adjustments or any unusual or non-recurring items. You should review Alliance’s audited financial statements, which have been included in the Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

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The information contained herein is as of May 9, 2024, and does not reflect any subsequent events.

Alliance Senior Management

Presenters:



BRUCE OGILVIE Executive 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, Chief Financial Officer, Director

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.

WE BRING ENTERTAINMENT TO YOU!

Alliance Entertainment stocks the world's largest selection of music, movies, video games, gaming hardware, arcades, collectibles, toys and consumer electronics

- Trusted omni channel supplier to Walmart, Amazon, Best Buy, Costco, Target, Kohl's, BJ's, Meijer, Barnes & Noble, and 2,000 additional Retailers and Wholesalers Worldwide.
- Trusted distributor for Disney, Paramount, Sony, Warner, Universal, Microsoft, Nintendo, Activision, Electronic Arts, Mattel, Hasbro, Funko, Arcade 1 Up, and 600 others.
- Alliance Entertainment has grown to over \$1.1 billion in annual revenue (FYE 6/30/23) and employs over 700 team members, with over 200 online customers and ships to more than 35,000 storefronts in 72 countries and distributes over 325,000 in stock SKUs to the largest retailers and wholesalers in the world.
- Exclusive Physical Distributor of Music and Video through our Amped (Music) and Distribution Solutions (Video) divisions with a growing \$200M of our \$1.1B annual revenue in exclusive distribution and licensing future physical media content to grow market share.
- Continued growth and acquisitions to expand selection and gain market share, enter new markets and continue diversification while maintaining fiscal responsibility
- Exclusive video licensing through Mill Creek Division. Video content licensed from Disney, Sony, Universal, Lionsgate, CBS, and others.

All entertainment labels, studios, publishers, creators, and licensors trust Alliance to sell their products; and all entertainment retailers, websites, wholesalers and importers worldwide rely on Alliance to stock the world's largest selection of entertainment products



Direct-to-Consumer (DTC) & eCommerce

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

600+ Vendors

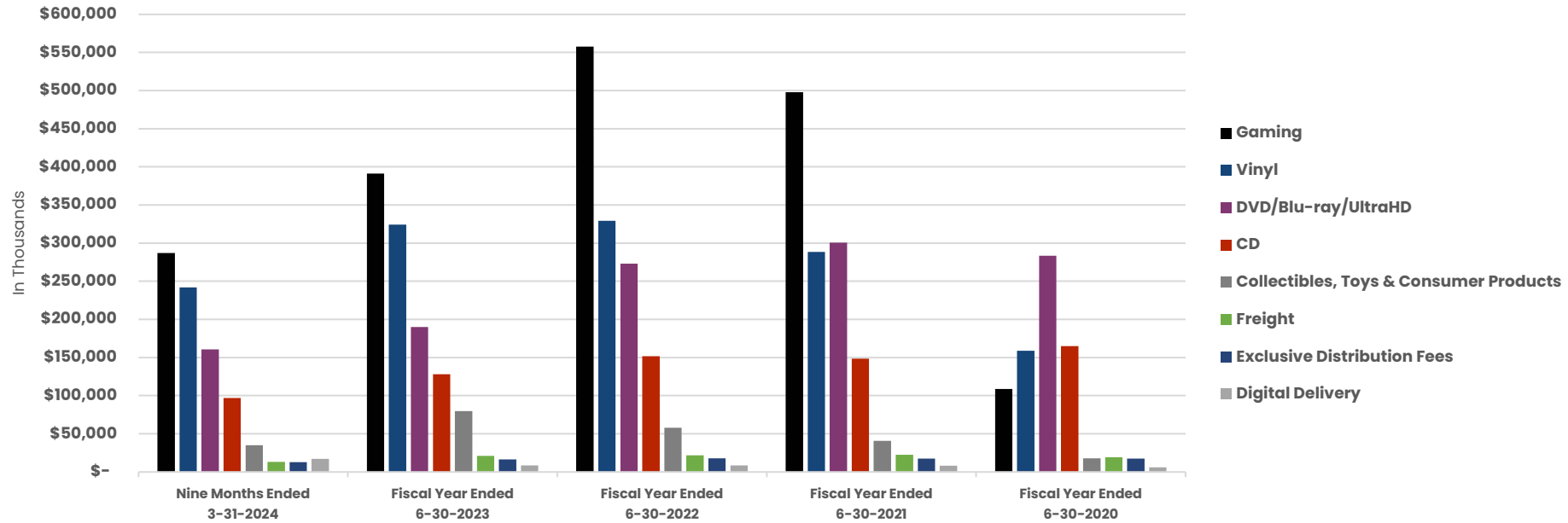
200+ Online Customers & Ships to Over 35,000 Storefronts



325K SKU's
in Stock



Sales by Configuration



The **global vinyl records market** size is estimated to grow by **USD 663.77 million** from 2022 to 2027, according to Technavio.

(In Thousands)	Nine Months Ended 03-31-2024		Fiscal Year Ended 06-30-2023		Fiscal Year Ended 06-30-2022		Fiscal Year Ended 06-30-2021		Fiscal Year Ended 06-30-2020	
Sales by Configuration										
Gaming	\$287,064	33.2%	\$391,308	33.8%	\$557,658	39.3%	\$497,817	37.6%	\$108,735	14.0%
Vinyl	\$241,783	28.0%	\$324,141	28.0%	\$329,202	23.2%	\$288,326	21.8%	\$158,633	20.5%
DVD/Blu-ray/UltraHD	\$160,495	18.6%	\$189,997	16.4%	\$272,921	19.3%	\$300,522	22.7%	\$283,371	36.5%
CD	\$96,742	11.2%	\$127,999	11.0%	\$151,583	10.7%	\$148,263	11.2%	\$164,728	21.2%
Collectibles, Toys & Consumer Products	\$34,888	4.0%	\$79,524	6.9%	\$57,980	4.1%	\$40,729	3.1%	\$17,591	2.3%
Freight	\$12,913	1.5%	\$21,091	1.8%	\$21,682	1.5%	\$22,260	1.7%	\$19,138	2.5%
Exclusive Distribution Fees	\$12,654	1.5%	\$16,269	1.4%	\$17,874	1.3%	\$17,460	1.3%	\$17,430	2.2%
Digital Delivery	\$17,010	2.0%	\$8,393	0.7%	\$8,476	0.6%	\$8,191	0.6%	\$5,967	0.8%
Grand Total	\$863,549	100.0%	\$1,158,722	100.0%	\$1,417,377	100.0%	\$1,323,567	100.0%	\$775,596	100.0%

The **global brand licensing market** is projected to grow from **USD 274.9 billion in 2022 to USD 385.4 billion by 2027** at a CAGR of 4.1% from 2022 to 2027.

Exclusive Distribution in Excess of \$200M Annually

Our exclusive distribution is a big focus and huge growth opportunity for Alliance Entertainment. Studios and labels which have moved to Distribution Solutions, AMPED, and Mill Creek divisions see increases in sales because of the industry's largest customer base, including retailers and websites filled with Alliance DTC capabilities.



Distribution Solutions(DS) is a division of Alliance that has over 62 significant video studios that by Exclusive contract rely on Distribution Solutions to manufacture, supply, and market video products.

- DS has direct sales accounts with Amazon, Walmart, Target, Best Buy, and many other significant customers. Smaller non-direct accounts are sold through Alliance Entertainment.
- All product is held on consignment in the Alliance warehouse. By having all the product in stock, it maximizes the “in stock” buy buttons on all retailers' websites as well.
- DS, through Alliance, has significantly larger distribution channels of retailers and CDF for websites than any major studio can offer.
- DS was acquired from Sony Picture in 2018, in the last 5 years net sales have doubled organically.
- DS also developed digital video distribution with FY '23 digital revenue of \$8.4M, YTD FY '24 is \$17.0M

AMPED is a division of Alliance that has more than 90 labels that by Exclusive contract rely on AMPED to supply and market music (Vinyl and CD).

- AMPED sells and markets music through Amazon, Walmart, Target, Best Buy and over 1000 independent music stores in the U.S.
- All product is held on Consignment in the Alliance warehouse. By having all the product in stock, it maximizes the “in stock” buy buttons on all retailers’ websites as well.
- Because Alliance can offer direct to store and state of the art ecommerce fulfillment AMPED has become the go to Independent distributor to maximize a labels physical sales.
- AMPED was organically grown over the last 10 years and in FY '23 exceeded \$75M in net sales.
- YTD FY '24 is \$55.1M vs \$51.1M

Mill Creek is a division of Alliance that Exclusively licenses video content from studios to create, manufacture, market and sell video DVD's.

- Video content licensed from Disney, Sony, Universal, Lionsgate, CBS and significant independent studios.
- Mill Creek's product is then sold through Distribution Solutions direct to major retailers.
- Of the YTD FY'24 \$17.0M of digital revenue the two titles Nefarious and The Blind were \$7.9M of that \$13.1M

Acquisition 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

2023

Public Listing

- Alliance consummates merger with Adara Acquisition Corp. to become a publicly traded company
- Listed on NASDAQ as AENT

2016

Music & VMI

- AN Connect Acquisition
- Walmart & Best Buy accounts added
- Vendor Managed Inventory 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

2022

Toys & Collectibles

- Think 3Fold Acquisition
- Walmart expansion
- Alliance adds collectible toys with 4 feet of shelf space in 3,900 Walmart stores



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

Alliance has specialized in providing superior:



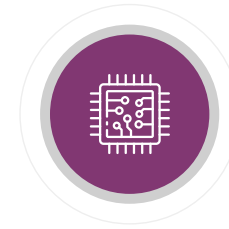
SERVICE

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 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

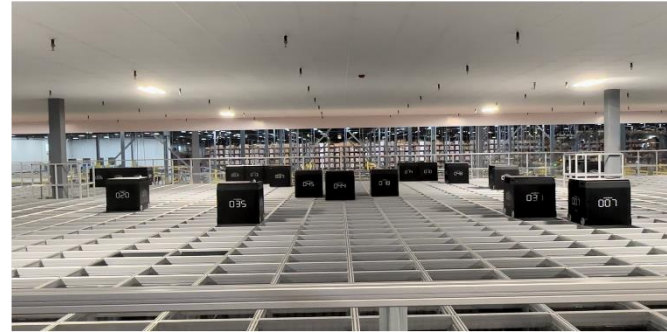


Technology

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

Alliance completed installing an AutoStore Automated Storage & Retrieval System for its Shepherdsville warehouse as of January 2023. This system has improved Alliance's warehouse operations, allowing the Company to achieve increased levels of speed, reliability, capacity, and precision, resulting in significant cost savings. With a 22,200 sqft. footprint and 52,325 total bins, the AutoStore system can hold up to 66 lbs. of product per bin. Each bin allows for up to 8 unique SKUs. Working in combination with current pallet picking and case picking out of the warehouse's mezzanine, the AutoStore system has a pick rate of 2,000 lines per hour across 7 picking ports.



OPEX Sure Sort X installed on April 1st. Link to [Press Release](#)

Click Icon Below For Video

Installing Of
AutoStore in
KY

Sortation of
Vinyl on 1 of
6 sorters

Manufacture
on Demand
MOD



Increased
Storage
Capacity



Significant
Cost Savings



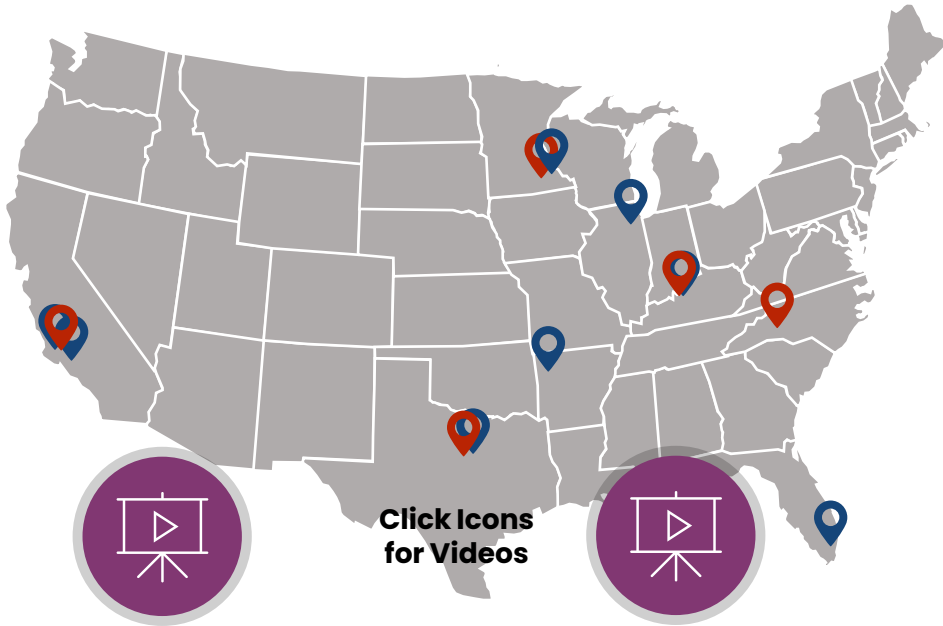
Improved
Energy
Efficiency



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 Alliance to achieve industry leading speed and accuracy metrics.



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

- Offices**
- Bentonville, AR
 - Itasca, IL
 - Irvine, CA
 - Sacramento, CA
 - Shakopee, MN
 - Shepherdsville, KY
 - Plantation, FL

Shepherdsville, KY
873K Sqft Facility



Shakopee, MN
220K Sqft Facility

KY LD2 Warehouse Shipments

2023 Units Shipped

70,315,660

DTC 3rd Quarter ending shipments were 33% of gross sales revenue for the fiscal third quarter and 39.1% fiscal year to date an increase of 4.7% points versus prior year

KY LD2 Warehouse Inventory As of 3/31/2024		
Category Group	SKU Count	QH Quantity
CD	190,586	5,979,105
Video	63,174	16,178,951
Vinyl	61,489	5,679,949
Consumer Products	8,327	1,643,622
Gaming Software	2,212	476,081
Accessories	929	116,253
Gaming Accessories	390	219,889
Gaming Hardware	16	3,689
Grand Total	327,123	30,297,539



Key Fiscal Third Quarter 2024 Highlights

- **Net revenues** for the fiscal third quarter ended March 31, 2024 were \$211.2 million, compared to \$227.7 million in the same period of 2023, a decrease of 7.3%, due mainly to macroeconomic headwinds caused by high interest rates and consumer discretion prompted by reduced buying power.
- **Consumer Direct Shipments (CDF)** Our Direct to Consumer (DTC) suite of distribution and inventory solutions for the e-commerce retail industry were 33% of gross sales revenue for the 3 months ended March 31st, 2024. Year over year. For the nine months ended March 31st, revenue generated by DTC increased from 34.4% to 39.1% of gross sales an increase of 4.7% points.
- **Gross profit** for the fiscal third quarter ended March 31, 2024 was \$28.0 million, compared to \$27.3 million in the same period of 2023, an increase of 2.5%, due to a higher average selling prices and strategy of profitable sales.
- **Gross profit margin** for the fiscal third quarter ended March 31, 2024 was 13.3%, up from 12.0% in the same period of 2023.
- **Net loss** for the fiscal third quarter ended March 31, 2024 was \$(3.4) million, compared to net loss of \$(7.8) million for the same period of 2023.
- **Adjusted EBITDA** for the fiscal third quarter ended March 31, 2024 was \$2.9 million, compared to Adjusted EBITDA loss of \$(2.4) million for the same period of 2023.
- **Significantly Reduced inventory and debt**, with fiscal third quarter year over year inventory decreasing from \$163 million to \$108 million.
- **Continued reducing debt**, which decreased to \$87 million in the fiscal third quarter ended March 31, 2024 from \$127 million for the same period of 2023.

Financial Summary

REVENUES

\$1.15 BILLION FY 2023

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

MATURE REVENUE BASE

FORTUNE 100 CUSTOMERS

Alliance has developed years-long relationships as the gateway between the world's biggest brands in the entertainment business, including Microsoft, Sony Pictures, The Walt Disney Studios, Universal Music Group and Warner Bros., and a strong customer base that includes Fortune 100 retailers such as Amazon, Best Buy, Costco, Target and Walmart.

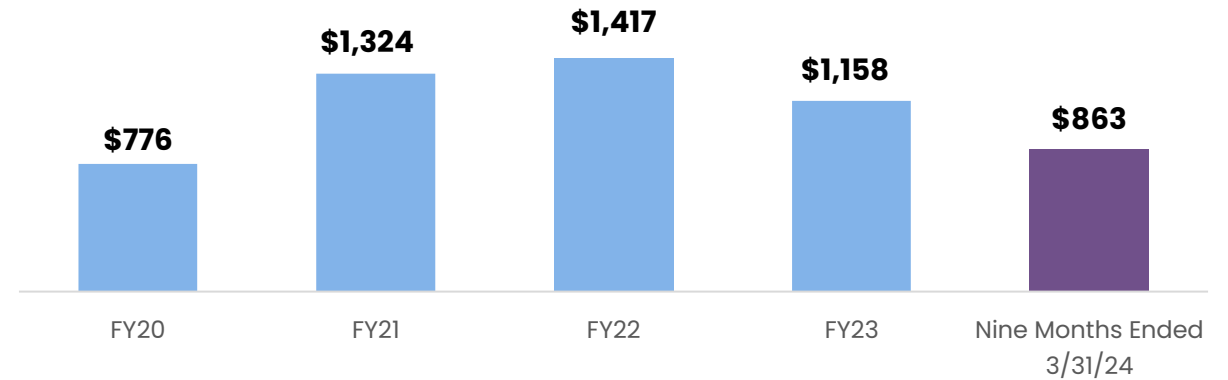
LEADER IN THE SPACE

INTERNATIONAL FOOTPRINT

Alliance is a premier international distributor of music, movies, video games and consumer electronics, with over 200 online customers and ships to more than 35,000 storefronts in 72 countries and distributes over 350,000 in stock SKUs across North America to the largest retailers in the world.

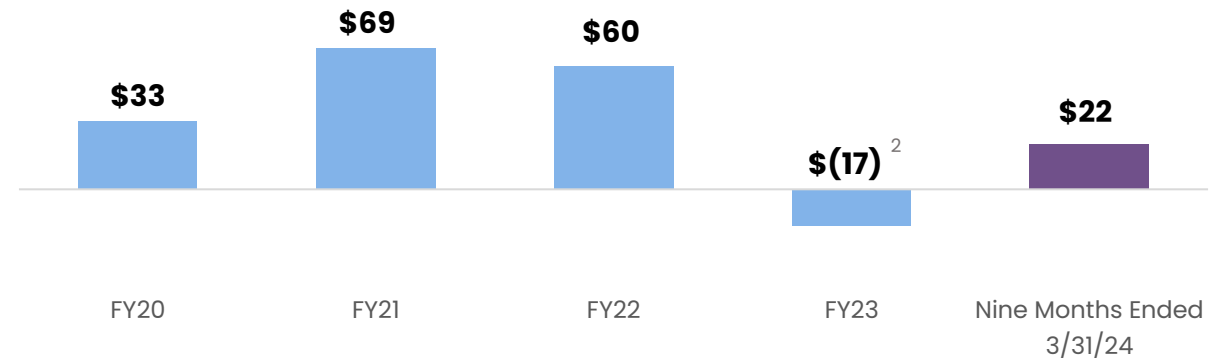
REVENUE

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



ADJUSTED EBITDA¹

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



ADJUSTED EBITDA MARGIN

4.2%

5.2%

4.2%

-1.5%

2.6%

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

2. Adjusted EBITDA for FY 2023, includes excessive transportation costs, markdowns and other arcade related costs of \$35.8M outlined on slide 23.

Income Statement

Three Months Ended

	03-31-2024	03-31-2023
(\$ in 000's)		
Revenue	\$211,209	\$227,728
Cost of Goods Sold	183,196	200,402
Gross Profit	\$28,013	\$27,326
<i>Gross Profit %</i>	13.3%	12.0%
Operating Expenses:		
Distribution and Fulfilment Expense	11,125	14,923
Selling, General and Administrative	14,072	14,783
Net Income (Loss)	\$(3,377)	\$(7,750)
Adjusted EBITDA	\$2,940	\$(2,380)
<i>Adjusted EBITDA %</i>	1.4%	-1.0%

Reconciliation of Adjusted EBITDA to GAAP Net Income

	Three Months Ended	
	03-31-2024	03-31-2023
(\$ in 000's)		
Net Income (Loss)	\$(3,377)	\$(7,750)
<i>Add back:</i>		
Interest Expense	3,052	3,207
Income Tax Expense (Benefit)	(457)	(2,864)
Depreciation and Amortization	1,402	1,679
EBITDA	601	(5,728)
<i>Adjustments</i>		
IC-DISC	—	—
Stock-based Compensation Expense	—	—
Mergers & Acq Fees, RSA & Restructuring	2,265	3,348
Change In Fair Value of Warrants	124	—
Contingent Losses (Gains)	—	—
Gain/Loss on Disposal of PPE	(51)	—
Adjusted EBITDA	\$2,940	\$(2,380)
<i>Adjusted EBITDA %</i>	<i>1.4%</i>	<i>-1.0%</i>

Income Statement

Alliance Entertainment Holding Corporation
Results of Operations Nine Months Ended March 31, 2024, Compared to Nine Months Ended
March 31, 2023

(\$in thousands except shares)	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Net Revenues	\$ 863,549	\$ 911,590
Cost of Revenues (excluding depreciation and amortization)	761,580	837,897
Gross Profit	101,969	73,693
	11.8%	8.08%
Operating Expenses		
Distribution and Fulfillment Expense	37,983	50,153
Selling, General and Administrative Expense	43,626	44,559
Depreciation and Amortization	4,455	4,845
Transaction Costs	2,086	4,355
IC DISC Commissions	—	2,833
Restructuring Costs	226	—
Loss on Disposal of Fixed Assets	(51)	(3)
Total Operating Expenses	88,325	106,742
Operating Income (Loss)	13,644	(33,049)
Other Expenses		
Interest Expense, Net	9,520	9,105
Total Other Expenses	9,520	9,105
Income (Loss) Before Income Tax Expense (Benefit)	4,124	(42,154)
Income Tax Expense (Benefit)	2,049	(11,380)
Net Income (Loss)	\$ 2,075	\$ (30,774)
	Nine Months Ended March 31, 2024	Nine Months Ended March 31, 2023
Net Income (Loss)	\$ 2,075	\$ (30,774)
<i>Add back:</i>		
Interest Expense	9,520	9,105
Income Tax Expense (Benefit)	2,049	(11,380)
Depreciation and Amortization	4,455	4,845
EBITDA	\$ 18,099	\$ (28,204)
<i>Adjustments</i>		
IC-DISC	—	2,833
Stock-based Compensation	1,386	-
Transaction Costs	2,086	4,355
Restructuring Cost	226	—
Change In Fair Value of Warrants	(41)	—
Merger-related Contingent Losses	461	—
Gain on Disposal of PPE	(51)	(3)
Adjusted EBITDA	\$ 22,166	\$ (21,019)

Income Statement¹

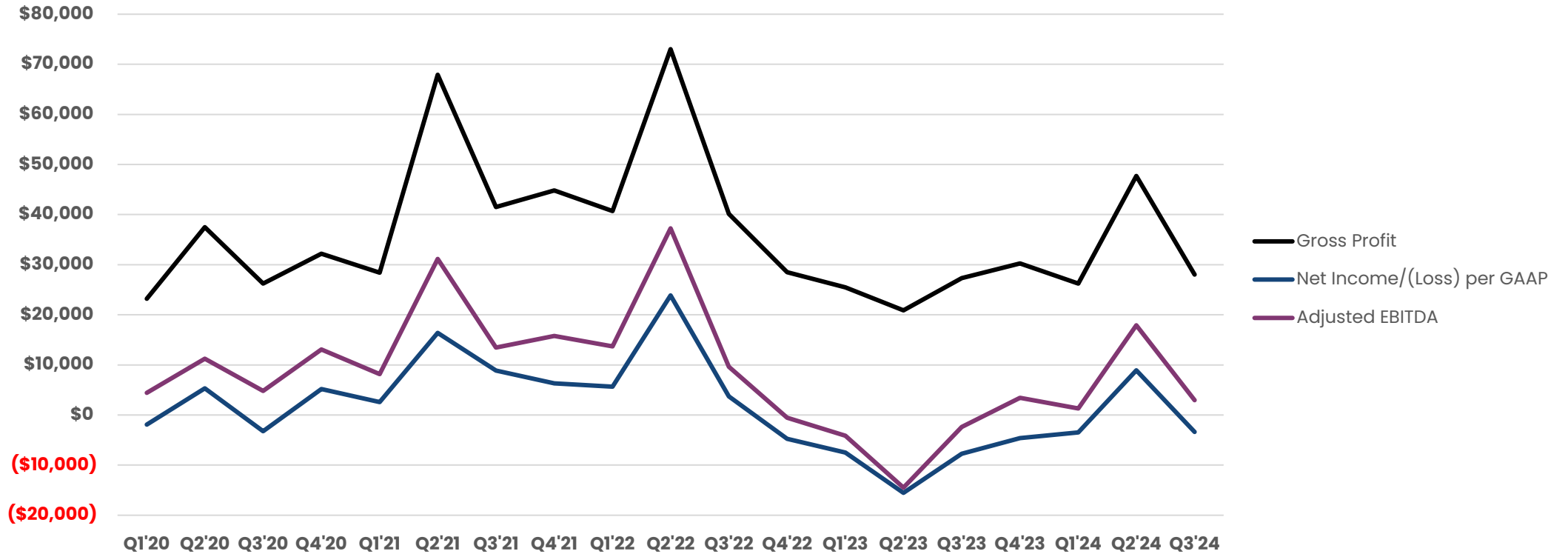
	Nine Months Ended		Fiscal Year		
	03-31-2024	06-30-2023	06-30-2022	06-30-2021	06-30-2020
(\$ in 000's)					
Revenue	\$863,549	\$1,158,722	\$1,417,377	\$1,323,567	\$775,596
YoY Revenue Growth %		-18.3%	7.1%	70.7%	3.9%
Cost of Goods Sold	761,580	1,054,788	1,234,995	1,140,885	656,485
Gross Profit	\$101,970	\$103,934	\$182,382	\$182,682	\$119,111
Gross Profit %	11.8%	9.0%	12.9%	13.8%	15.4%
Operating Expenses:					
Distribution and Fulfillment Expense	37,983	62,841	64,260	56,885	35,877
Selling, General and Administrative	43,626	59,057	58,110	57,249	50,007
Total Operating Expenses	81,610	121,898	122,370	114,134	85,884
	9.5%	10.5%	8.6%	8.6%	11.1%
Non-Operating Expenses:					
Depreciation	1,453	2,221	3,097	5,623	7,124
Amortization	3,002	4,408	5,162	5,772	8,660
Interest Expense	9,520	11,715	4,056	2,938	3,524
IC-DISC Commissions	-	2,833	9,907	5,394	8,182
Income Tax Expense (Benefit)	2,049	(9,058)	9,423	10,791	376
Gain/(Loss) on Disposal of PPE	(51)	-	-	87	-
Mergers & Acquisition Fees & Other(s)	2,312	5,321	(251)	3,509	-
Total Non-Operating Expenses	18,285	17,440	31,394	34,370	27,866
	2.1%	1.5%	2.2%	2.6%	3.6%
Adjusted EBITDA	\$22,166	\$(17,601)	\$60,019	\$68,563	\$32,909
Adjusted EBITDA %	2.6%	-1.5%	4.2%	5.2%	4.2%
Adjusted EBITDA for the 12 months ended June 30, 2023, includes the following costs:					
Excessive International Transportation Costs (Units Sold)		8,241			
Excessive International Transportation Costs (On Hand)		7,100			
Markdown for Arcades Sold		12,156			
Incremental Storage Fees Arcades		4,643			
Consumer Products Inventory Reserve		3,700			
Total		\$35,840²			

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

2. Because of 1-time supply chain issues of \$35.8M of 1-time costs created the -\$17.6M loss, and if you add back the \$35.8M; Adjusted EBITDA would be positive \$18.2M for the same period.

Quarterly Gross Profit, Net Income & Adj. EBITDA

(\$ in 000's)



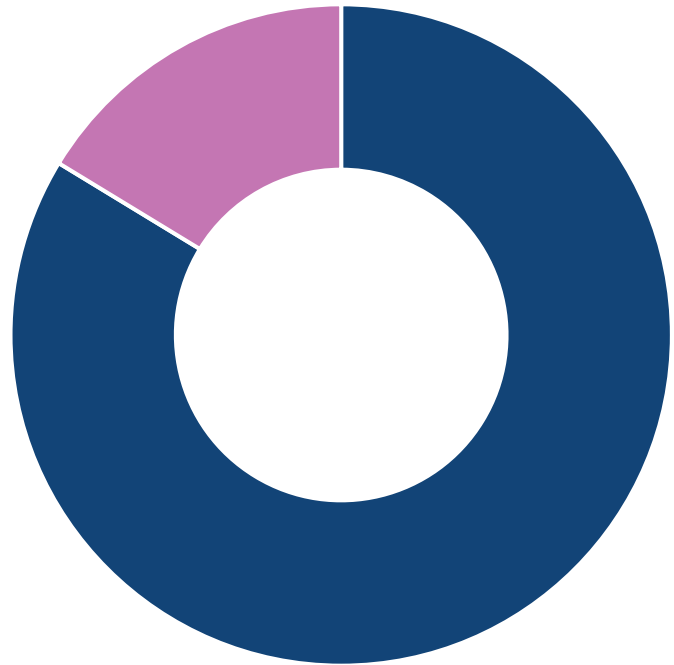
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Gross Profit	\$23,225	\$37,469	\$26,221	\$32,196	\$28,409	\$67,919	\$41,512	\$44,843	\$40,720	\$73,038	\$40,138	\$28,487	\$25,468	\$20,897	\$27,326	\$30,241	\$26,254	\$47,703	\$28,013
Net Income/(Loss) per GAAP	(\$1,912)	\$5,338	(\$3,245)	\$5,180	\$2,576	\$16,408	\$8,872	\$6,324	\$5,673	\$23,853	\$3,713	(\$4,744)	(\$7,509)	(\$15,515)	(\$7,750)	(\$4,632)	(\$3,462)	\$8,914	(\$3,377)
Adjusted EBITDA	\$4,414	\$11,233	\$4,819	\$13,088	\$8,183	\$31,147	\$13,456	\$15,762	\$13,681	\$37,260	\$9,629	(\$551)	(\$4,128)	(\$14,513)	(\$2,380)	\$3,420	\$1,305	\$17,921	\$2,940

Balance Sheet

	UnAudited 03-31-2024	UnAudited As of 03-31-2023	Audited As of 06-30-2023	Audited As of 06-30-2022	Audited As of 06-30-2021	Audited As of 06-30-2020
(\$ in 000's)						
ASSETS						
Cash and Equivalents.	1,642	1,034	865	1,469	4,028	1,334
Accounts Receivable	87,517	79,445	104,939	98,699	111,332	70,881
<u>Inventory</u>	<u>107,893</u>	<u>163,057</u>	<u>146,763</u>	<u>249,439</u>	<u>141,661</u>	<u>62,777</u>
Other Current Assets	5,634	7,852	8,299	9,373	8,763	9,229
Net PP&E & Operating Lease Right-Of-Use Assets	15,706	18,759	18,276	11,644	18,988	20,592
Net Intangible Assets	14,356	24,754	17,356	18,764	23,927	29,955
Net Goodwill	89,116	87,151	89,116	79,903	79,903	79,647
Total Other Assets	2,157	6,174	3,916	3,748	361	2,417
Total Assets	324,021	\$388,225	\$389,530	\$473,039	\$388,963	\$276,833
LIABILITIES						
Accounts Payable & Accrued Expenses	139,858	159,585	160,962	209,760	227,887	157,302
<u>Revolving Credit Facility, Net, & Shareholder Loan</u>	<u>87,336</u>	<u>127,343</u>	<u>133,281</u>	<u>135,968</u>	<u>53,580</u>	<u>45,561</u>
Other Current Liabilities	5,587	6,616	6,996	4,871	10,719	5,396
Non-Current Liabilities	16,115	10,722	8,757	13,512	16,475	15,656
Total Liabilities	238,896	304,266	309,996	364,111	308,661	223,915
EQUITY	85,125	83,959	79,534	108,928	80,302	52,918
Total Liabilities and Equity	\$324,021	388,225	\$389,530	\$473,039	\$388,963	\$276,833

Capitalization Table¹

Alliance Entertainment Management owns 81% of outstanding common shares



■ Class A Common Shares ²	50,937,370
■ Warrants (WAEP: \$11.46)	9,919,993

1. Does not include up to 60 million shares of contingent common stock which automatically convert into shares of Class A common in three equal tranches when the price of the Class A common stock reaches \$20, \$30 and \$50 per share, and under a variety of conditions within 5, 7 and 10 years.
2. Approximately 2.21 million shares of Class A common stock are in the public float.

Alliance Leadership Team

Senior Management:



BRUCE OGILVIE Executive 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, Chief Financial Officer, Director

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.

Board of Directors:



Tom Donaldson Director, Compensation, Audit, and Nominating and Corporate Governance Committees

Tom is the Founder and Managing Partner of [Blystone & Donaldson](#), a Charlotte, NC-based investment firm that focuses on middle-market companies. Mr. Donaldson was a director of Adara Acquisition Corp. from its inception in August 2020 through its business combination in February 2023. Prior to Blystone & Donaldson, Mr. Donaldson served as an executive at Investors Management Corporation ("IMC") where he focused on investment decisions, managing risk and developing relationships with companies of interest. Prior to IMC, he served as a Partner of Morehead Capital Management, LLC ("Morehead") before it was merged into IMC in 2016. Prior to Morehead, he practiced law as an associate and then a Partner at McGuireWoods LLP where he represented private funds and their portfolio companies in corporate governance, structuring and financing transactions and operating businesses in a wide variety of industries. Mr. Donaldson received his Master of Business Administration degree and Juris Doctor degree from Villanova University. He earned his undergraduate degree in Political Science from North Carolina State University.



Tom Finke Director, Chair of Compensation, Audit, and Nominating and Corporate Governance Committees

Tom has served as a director of [Invesco Ltd.](#) (NYSE: IVZ) since December 3, 2020. Mr. Finke served as Chairman of Adara Acquisition Corp. from its inception in August 2020 and as its Chief Executive Officer from June 2022, in each case until its business combination with Alliance. Prior to joining the Board of Invesco, Mr. Finke was the Chairman and CEO of [Barings LLC](#) from 2016-2020, and Chairman and CEO of Babson Capital Management, LLC from 2008-2016. Mr. Finke also served as the Executive Vice President and Chief Investment Officer of MassMutual Life from 2008-2011. Mr. Finke earned a Master of Business Administration degree from Duke University's Fuqua School of Business in 1991, and a Bachelor's of Science degree from the University of Virginia's McIntire School of Commerce in 1986. In addition to his distinguished professional career, Mr. Finke is a Trustee of Davidson College, a member of the Board of Visitors of the Fuqua School of Business, Chairman of the Board of Charlotte Center City Partners, a member of the Board of Directors of the National Math & Science Initiative, and a member of the Investment Committee of the Roman Catholic Diocese of Charlotte.



Chris Nagelson Director, Compensation, and Nominating and Corporate Governance Committees

Chris was the Vice President, DMM for [Walmart, Inc.](#) in Bentonville, AR. During that period, he was responsible for providing the strategic direction for the department that delivered market share growth as well as supported the overall corporate strategy. Chris also identified and established key performance indicators to improve team efficiencies and sales strategies and led a broad, cross-functional team in strategic executive-level planning. From June 1997 to February 2005, Chris was the Divisional Merchandise Manager for American Eagle Outfitters, Inc., based in Pittsburgh, PA.



Teri Wielenga Director, Chair of Audit Committee

Teri is a senior global finance executive, board director, and advisor with more than 30 years of experience at complex, highly regulated Fortune 500 companies and a Big Four accounting firm. She has led global tax policy and strategy for [Gilead Sciences](#) (Nasdaq: GILD). She currently serves as board director, secretary, treasurer for The Gilead Foundation, and also currently serves as audit committee chair for the Arc Research Institute. Teri managed rapid global growth as the Senior Vice President of Tax for [Allergan](#) (NYSE: AGN). She also previously served as board director, chief financial officer of the Allergan Foundation and served as a board director for multiple Allergan subsidiaries in Ireland, Japan, and Bermuda.

Alliance Strategic Priorities

EXECUTE ACQUISITION STRATEGY

Alliance has a proven track record of successfully acquiring and integrating competitors and complementary businesses. Executive Chairman Bruce Ogilvie and Chief Executive Officer Jeff Walker have acquired over a dozen companies in the last 20 years including Alliance Entertainment, AN Connect, Mecca Electronics, Distribution Solutions, CokeM, and Think3Fold.

EXECUTE NEW EXCLUSIVE LICENSES & DISTRIBUTION AGREEMENTS

Continue to focus on acquiring more licenses and exclusive distribution agreements in music, video, gaming, collectibles, and electronics.

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.



Investment Highlights

Alliance Entertainment is the leading global entertainment wholesaler, direct-to-consumer distributor and e-commerce provider for the entertainment industry

- **Proven Management Experience and Equity Ownership.** With over 30 years of operations and experience, Alliance management Team has extensive knowledge to lead the Company towards future growth. Management beneficially owns 81% of common shares outstanding.
- **Significant barriers to entry and market leadership.** We are a leader in fulfillment and e-commerce distribution, with over 325,000 SKUs in stock, protected by a focused commitment of service, selection, and technology. Suppliers and retailer customers rely on the Company's platforms to fuel transaction volume for trusted relationships.
- **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.
- **Proven track record of M&A.** Successfully acquired and integrated twelve significant businesses since 2003. Significant future consolidation opportunities to drive future growth through the acquisition of complementary businesses and competitors.
- **Modern technology distribution platform and interface.** The Company's technology platform increases the efficiency of transactions, reduces labor costs, provides great mobile accessibility, and incorporates modern marketing and Fintech tools.





Alliance Entertainment

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Investor Relations

Chris Tyson

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Appendix

Exhibit 1

Reconciliation of Adjusted EBITDA to GAAP Net Income

(\$ in 000's)	Nine Months Ended		Fiscal Year		
	03-31-2024	06-30-2023	06-30-2022	06-30-2021	06-30-2020
Operating Earnings Before Depreciation, Amortization & Arcade Adjustment (Adjusted EBITDA)	\$20,360	\$(17,964)	\$60,012	\$68,548	\$33,227
Net Income/(Loss) Per GAAP	\$2,075	\$(35,404)	\$28,619	\$34,178	\$5,361
Adj. EBITDA Calculation:					
Net Income/(Loss) per GAAP	2,075	(35,404)	28,619	34,178	5,361
Depreciation	1,453	2,221	3,097	5,623	7,124
Amortization	3,002	4,408	5,162	6,028	8,660
Interest Expense	9,520	11,715	4,056	2,938	3,524
IC-DISC Commissions	-	2,833	9,907	5,394	8,182
Income Tax Expense (Benefit)	2,049	(9,058)	9,423	10,791	376
Gain/(Loss) Disposal of PPE & FX Currency	(51)	(3)	7	102	(318)
Mergers & Acquisition Fees	4,116	5,687	(251)	3,509	-
Adjusted EBITDA	\$22,166	\$(17,601)	\$60,018	\$68,564	\$32,909
<i>Adjusted EBITDA %</i>	2.6%	-1.5%	4.2%	5.2%	4.2%
Adjusted EBITDA for the 12 months ended June 30, 2023, includes the following costs:					
Excessive International Transportation Costs (Units Sold)		8,241			
Excessive International Transportation Costs (On Hand)		7,100			
Markdown for Arcades Sold		12,156			
Incremental Storage Fees Arcades		4,643			
Consumer Products Inventory Reserve		3,700			
Total		35,840 ¹			

1. Because of 1-time supply chain issues of \$35.8M of 1-time costs created the -\$17.6M loss, and if you add back the \$35.8M; Adjusted EBITDA would be positive \$18.2M for the same period.

Exhibit 2

Consolidated Statement of Cash Flows

(\$ in 000's)	Nine Months Ended 03-31-2024	Year Ended 06-30-2023	Year Ended 6-30-2022	Year Ended 6-30-2021	Year Ended 6-30-2020
Cash Flows from Operating Activities					
Net Income (Loss)	\$2,075	\$(32,944)	\$28,496	\$34,178	\$5,361
Adjustments to Reconcile Net Income					
Net Cash provided by (Used In) Operating Activities					
Inventory Write-Down	-	10,800	-	-	-
Depreciation of Property and Equipment	1,455	2,221	3,096	5,623	7,124
Amortization of Intangible Assets	3,000	4,408	5,163	5,772	8,660
Amortization of Deferred Financing Costs (Included in Interest)	511	167	165	334	358
Payment-in-Kind, Interest	-	-	-	-	-
Bad Debt Expense	457	598	496	225	155
Deferred Income Taxes	-	(10,630)	1,177	1,543	1,286
Stock Based Compensation Expense	1,386	-	-	-	-
Loss on Disposal of Fixed Assets	(51)	213	-	87	-
Changes in Assets and Liabilities, Net of Acquisitions					
Trade Receivables	16,966	(3,550)	12,138	8,053	13,684
Related Party Receivable	-	245	1,231	157	(1,633)
Inventory	38,871	102,028	(107,778)	(8,617)	35,821
Income Taxes Payable/Receivable	1,764	(1,533)	(1,867)	4,453	(1,187)
Operating Lease Right-Of-Use Assets	2,651	3,505	4,299	(817)	3,137
Operating Lease Obligations	(2,959)	(3,893)	(4,583)	664	(3,284)
Other Assets	3,021	5,031	(5,230)	1,980	3,228
Accounts Payable	(19,101)	(72,325)	(16,146)	18,686	(38,761)
Accrued Expenses	(2,544)	(952)	(1,980)	2,395	(6,560)
Net Cash Provided by (Used in) Operating Activities	\$47,501	\$3,388	\$(83,554)	\$74,718	\$27,391

Exhibit 3 Updates

[Alliance Entertainment Announces Largest Sales Month for Independent Retail Division Coinciding with 2024 Record Store Day Event](#)

[Alliance Entertainment to Attend Music Biz 2024 in Nashville](#)

[Alliance Entertainment to Host Investor and Analyst Tours at its Warehouse in Shepherdsville, Kentucky on Thursday, May 16, 2024](#)

[Alliance Entertainment Begins Installation of Cost-Saving OPEX Sure Sort X Sortation Technology at Kentucky Warehouse](#)

[Alliance Entertainment Featured in Digital Journal Interview](#)

[Alliance Entertainment Reports Second Quarter Fiscal Year 2024 Financial Results](#)

[Alliance Entertainment's AMPED Distribution Scores Big with Physical Distribution of USHER's "Coming Home" Record](#)

[Alliance Entertainment's COKeM Gaming Division Exceeds Sales Forecast for Arcade1UP Products in 2023 Calendar Fourth Quarter](#)

[Alliance Entertainment Featured in 'The Wall Street Resource' Interview](#)

[Alliance Entertainment Featured in Media Play News Article](#)

[Alliance Entertainment Announces Closing of New 3-Year \\$120 Million Senior Secured Credit Facility](#)

[Alliance Entertainment's AMPED Distribution Celebrates 10 Years of Business with Impressive 24 Grammy™ Nominations](#)

[Alliance Entertainment's AMPED Distribution Helps Power New Album Launch of K-Pop Band ATEEZ](#)

[Alliance Entertainment Announces Partnership with High-end Collectible Sales Channel Grail Game](#)

[Alliance Entertainment's AMPED Distribution to Empower Vydia's Expansion into Physical Distribution](#)

[Alliance Entertainment Announces Launch of New Publishing Venture – Alliance Entertainment Publications](#)

[Link to Alliance Entertainment Press Releases](#)