

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 11, 2022

First Advantage Corporation

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-31666
(Commission File Number)

84-3884690
(IRS Employer
Identification No.)

**1 Concourse Parkway NE
Suite 200
Atlanta, Georgia**
(Address of Principal Executive Offices)

30328
(Zip Code)

Registrant's Telephone Number, Including Area Code: 888 314-9761

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	FA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On May 11, 2022, First Advantage Corporation issued a press release announcing its financial results for the quarter ended March 31, 2022. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished under this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise expressly stated by specific reference in any such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 11, 2022, the Board of Directors of the Company appointed Joelle M. Smith as President, Data, Technology, and Experience, effective May 11, 2022.

Ms. Smith, 46, prior to her appointment, served as the Chief Experience Officer of the Company since January 2020. Prior to that role, she served as Executive Vice President, Resident and Investigative Research of the Company from July 2017 to December 2019. Before joining the Company, Ms. Smith held various roles as vice president at Mindtree from July 2012 to July 2017. Ms. Smith holds a Bachelor of Science from East Stroudsburg University of Pennsylvania.

In connection with her promotion, Ms. Smith’s annual base salary was increased to \$460,000. Ms. Smith may also receive an annual cash bonus of up to 50% of her annual base salary and is expected to receive equity awards having a fair value equal to \$5,200,000, comprised of approximately two-thirds stock options and approximately one-third restricted stock units, with each grant vesting annually in four equal installments based on her promotion date of May 11, 2022. The exact number of stock options and restricted stock units subject to the awards will be determined on May 12, 2022 based on the prior twenty day average closing price of the Company’s common stock in the case of the restricted stock units and using a Black-Scholes valuation for the stock options. The per share exercise price of the stock options will be the closing price on May 12, 2022.

There are no arrangements or understandings between Ms. Smith and any person pursuant to which she was selected as President, Data, Technology, and Experience. Ms. Smith has no family relationships with any director or executive officer of the Company. There are no transactions involving Ms. Smith that would be required to be reported under Item 404(a) of Regulation S-K.

Item 7.01 Regulation FD Disclosure.

On May 11, 2022, the Company issued a press release announcing Ms. Smith’s appointment as the Company’s President, Data, Technology, and Experience. The full text of the press release is furnished as Exhibit 99.2 hereto and incorporated herein by reference.

The information furnished under this Item 7.01, including Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that section and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except as otherwise expressly stated by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of First Advantage Corporation dated May 11, 2022.
99.2	Press Release of First Advantage Corporation dated May 11, 2022.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements 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.

FIRST ADVANTAGE CORPORATION

Date: May 11, 2022

By: /s/ David L. Gamsey

David L. Gamsey

Executive Vice President & Chief Financial Officer



First Advantage Reports First Quarter 2022 Results

Reports Seventh Consecutive Quarter of Double-Digit Revenues Growth

First Quarter 2022 Highlights

- Revenues were \$189.9 million, an increase of 43.8%, compared to \$132.1 million in the prior-year period
- Net income was \$13.0 million, compared to a net loss of \$(19.4) million in the prior-year period
- Adjusted EBITDA¹ was \$53.6 million, compared to \$36.6 million in the prior-year period
- Adjusted Net Income¹ was \$33.5 million, compared to \$20.5 million in the prior-year period
- Completed asset purchase acquisition of Form I-9 Compliance

2022 Full Year Guidance

- Raising full year 2022 guidance ranges for revenues to \$820 to \$835 million, Adjusted EBITDA to \$253 to \$259 million, and Adjusted Net Income to \$157 to \$161 million²

ATLANTA, May 11, 2022 – First Advantage Corporation (NASDAQ: FA), a leading global provider of technology solutions for screening, verifications, safety, and compliance related to human capital, today announced financial results for the first quarter ended March 31, 2022.

Key Financials

(Amounts in millions, except per share data and percentages)

	Three months ended March 31,		
	2022	2021	Change
Revenues	\$ 189.9	\$ 132.1	43.8 %
Income (loss) from operations	\$ 17.1	\$ (3.2)	NM
Net income (loss)	\$ 13.0	\$ (19.4)	NM
Net income (loss) margin	6.9 %	(14.7) %	
Diluted earnings (loss) per share	\$ 0.09	\$ (0.15)	NM
Adjusted EBITDA ¹	\$ 53.6	\$ 36.6	46.5 %
Adjusted EBITDA Margin ¹	28.2 %	27.7 %	
Adjusted Net Income ¹	\$ 33.5	\$ 20.5	63.4 %
Adjusted Diluted Earnings Per Share ¹	\$ 0.22	\$ 0.16	37.5 %

¹ Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted Earnings Per Share are non-GAAP measures. Please see the schedules accompanying this earnings release for a reconciliation of these measures to their most directly comparable respective GAAP measures.

Note: "NM" indicates not meaningful information.

“We delivered exceptional results in the first quarter, as broad-based strength across our key verticals and geographies drove year-over-year revenue growth of 43.8% and Adjusted EBITDA growth of 46.5%,” said Scott Staples, Chief Executive Officer. “During the quarter, we saw strong momentum from existing customer base growth, new customer additions, and upsell and cross-sell, as well as very high customer retention. Our customers continue to depend on First Advantage to help them hire smarter and onboard faster in a macroeconomic environment where job switching and churn has sustained at high levels. We believe that these are fundamental shifts in how people work and apply for jobs, which creates long-term tailwinds for our business.”

Mr. Staples continued, “As of the end of the first quarter, we lapped one year since our screening business acquisition in the UK, which further established us as a market leader in the UK, and, along with our acquisition of MultiLatin last year, expanded our international scale. In the US, we acquired Form I-9 Compliance at the beginning of the first quarter of 2022, following our purchase of Corporate Screening last year. These acquisitions have delivered financial performance better than our original expectations and added vertical, product, and international capabilities that continue to drive impressive upsell and cross-sell as well as new customer pipelines.”

“We are focused on staying on the leading edge of product and technology innovation to best serve our customer’s needs, and I am pleased to announce that, in support of these efforts, we have promoted Joelle Smith to President, Data, Technology, and Experience. Joelle has been instrumental in furthering our innovation and growth, and in her expanded role, she will lead our Company to accelerate technology and continue to further enhance our already outstanding applicant and customer experience,” Mr. Staples added.

“Looking ahead, we expect ongoing investments in M&A, automation, product innovation, and proprietary databases to create further operating efficiencies, lower costs, and enhance turnaround times. We will continue to execute our vertical go-to-market strategy and product innovation roadmap to grow revenues and Adjusted EBITDA,” Mr. Staples commented.

Balance Sheet and Cash Flow

During the first quarter of 2022, the Company generated \$41.6 million of cash flow from operating activities and spent \$7.6 million in purchases of property and equipment, including capitalized software development costs. First Advantage ended the first quarter of 2022 with cash and cash equivalents of \$307.7 million and total debt of \$564.7 million, resulting in net debt of \$257.1 million.

Full Year 2022 Guidance

The following table summarizes our full year 2022 guidance:

	Prior Guidance As of March 23, 2022	Revised Guidance As of May 11, 2022
Revenues	\$813 million – \$828 million	\$820 million – \$835 million
Adjusted EBITDA ²	\$250 million – \$257 million	\$253 million – \$259 million
Adjusted Net Income ²	\$156 million – \$161 million	\$157 million – \$161 million
Capital expenditures (consisting of purchases of property and equipment and capitalized software development costs)	\$28 million – \$30 million	\$28 million – \$30 million

² A reconciliation of the foregoing guidance for the non-GAAP metrics of Adjusted EBITDA and Adjusted Net Income to GAAP net income (loss) cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, the Company is unable to assess the probable significance of the unavailable information, which could have a material impact on its future GAAP financial results.

Actual results may differ materially from First Advantage’s full year 2022 guidance as a result of, among other things, the factors described under “Forward-Looking Statements” below.

Conference Call and Webcast Information

First Advantage will host a conference call to review its results today, May 11, 2022, at 8:30 a.m. ET. To participate in the conference call, please dial (877) 313-2269 (domestic) or (470) 495-9550 (international) approximately ten minutes before the start. Please mention to the operator that you are dialing in for the First Advantage first quarter 2022 earnings call or provide conference code 6984408. The call also will be webcast live on the Company’s investor relations website at <https://investors.fadv.com> under the “News & Events” and then “Events & Presentations” section, where related presentation materials will be posted prior to the conference call.

Following the conference call, a replay of the webcast will be available on the Company's investor relations website, <https://investors.fadv.com>.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, our operations and financial performance. Forward-looking statements include all statements that are not historical facts. These forward-looking statements relate to matters such as our industry, business strategy, goals, and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources, and other financial and operating information. In some cases, you can identify these forward-looking statements by the use of words such as "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "future," "will," "seek," "foreseeable," "target," "guidance," the negative version of these words, or similar terms and phrases.

These forward-looking statements are subject to various risks, uncertainties, assumptions, or changes in circumstances that are difficult to predict or quantify. Such risks and uncertainties include, but are not limited to, the following:

- the impact of COVID-19 and related continuously evolving risks on our results of operations, financial position, and/or liquidity;
- our operations in a highly regulated industry and the fact that we are subject to numerous and evolving laws and regulations, including with respect to personal data and data security;
- our reliance on third-party data providers;
- negative changes in external events beyond our control, including our customers' onboarding volumes, economic drivers which are sensitive to macroeconomic cycles, such as interest rate volatility and inflation, geopolitical unrest, and the COVID-19 pandemic;
- potential harm to our business, brand, and reputation as a result of security breaches, cyber-attacks, or the mishandling of personal data;
- the continued integration of our platforms and solutions with human resource providers such as applicant tracking systems and human capital management systems as well as our relationships with such human resource providers;
- disruptions, outages, or other errors with our technology and network infrastructure, including our data centers, servers, and third-party cloud and internet providers and our migration to the cloud;
- our ability to obtain, maintain, protect and enforce our intellectual property and other proprietary information;
- our indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our obligations; and
- our Sponsor (Silver Lake Group, L.L.C., together with its affiliates, successors, and assignees) controls us and may have interests that conflict with ours or those of our stockholders.

For additional information on these and other factors that could cause First Advantage's actual results to differ materially from expected results, please see our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission (the "SEC"), as such factors may be updated from time to time in our filings with the SEC, which are accessible on the SEC's website at www.sec.gov. The forward-looking statements included in this press release are made only as of the date of this press release, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as required by law.

Non-GAAP Financial Information

This press release contains “non-GAAP financial measures” that are financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with accounting principles generally accepted in the United States (“GAAP”). Specifically, we make use of the non-GAAP financial measures “Adjusted EBITDA,” “Adjusted EBITDA Margin,” “Adjusted Net Income,” and “Adjusted Diluted Earnings Per Share.”

Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted Earnings Per Share have been presented in this press release as supplemental measures of financial performance that are not required by or presented in accordance with GAAP because we believe they assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. Management believes these non-GAAP measures are useful to investors in highlighting trends in our operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate, and capital investments. Management uses Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted Earnings Per Share to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, to establish discretionary annual incentive compensation, and to compare our performance against that of other peer companies using similar measures. Management supplements GAAP results with non-GAAP financial measures to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone.

Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, and Adjusted Diluted Earnings Per Share are not recognized terms under GAAP and should not be considered as an alternative to net income (loss) as a measure of financial performance or cash provided by (used in) operating activities as a measure of liquidity, or any other performance measure derived in accordance with GAAP. The presentations of these measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company.

We define Adjusted EBITDA as net income before interest, taxes, depreciation, and amortization, and as further adjusted for loss on extinguishment of debt, share-based compensation, transaction and acquisition-related charges, integration and restructuring charges, and other non-cash charges. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by total revenues. We define Adjusted Net Income for a particular period as net income before taxes adjusted for debt-related costs, acquisition-related depreciation and amortization, share-based compensation, transaction and acquisition-related charges, integration and restructuring charges, and other non-cash charges, to which we then apply the related effective tax rate. We define Adjusted Diluted Earnings Per Share as Adjusted Net Income divided by adjusted weighted average number of shares outstanding—diluted. For reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures, see the reconciliations included at the end of this press release. Numerical figures included in the reconciliations have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

About First Advantage

First Advantage (NASDAQ: FA) is a leading global provider of technology solutions for screening, verifications, safety, and compliance related to human capital. The Company delivers innovative solutions and insights that help customers manage risk and hire the best talent. Enabled by its proprietary technology, First Advantage's products and solutions help companies protect their brands and provide safer environments for their customers and their most important resources: employees, contractors, contingent workers, tenants, and drivers. Headquartered in Atlanta, Georgia, First Advantage performs screens in over 200 countries and territories on behalf of its more than 33,000 customers. For more information about First Advantage, visit the Company's website at <https://fadv.com/>.

Contacts

Investors:

Stephanie D. Gorman
Vice President, Investor Relations
Investors@fadv.com
(888) 314-9761

Condensed Financial Statements

First Advantage Corporation
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share and per share amounts)

	March 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 307,671	\$ 292,642
Restricted cash	248	148
Short-term investments	927	941
Accounts receivable (net of allowance for doubtful accounts of \$1,087 and \$1,258 at March 31, 2022 and December 31, 2021, respectively)	148,163	155,772
Prepaid expenses and other current assets	19,089	14,365
Income tax receivable	1,572	2,292
Total current assets	477,670	466,160
Property and equipment, net	146,392	154,309
Goodwill	802,675	793,892
Trade name, net	77,641	79,585
Customer lists, net	375,428	384,766
Deferred tax asset, net	1,604	1,413
Other assets	21,921	6,456
TOTAL ASSETS	\$ 1,903,331	\$ 1,886,581
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 51,450	\$ 53,977
Accrued compensation	20,709	30,054
Accrued liabilities	17,985	21,829
Current portion of operating lease liability	6,253	—
Income tax payable	3,300	2,573
Deferred revenues	725	873
Total current liabilities	100,422	109,306
Long-term debt (net of deferred financing costs of \$9,434 and \$9,879 at March 31, 2022 and December 31, 2021, respectively)	555,290	554,845
Deferred tax liability, net	86,490	84,653
Operating lease liability, less current portion	11,583	—
Other liabilities	3,406	5,539
Total liabilities	757,191	754,343
EQUITY		
Common stock - \$0.001 par value; 1,000,000,000 shares authorized, 152,982,128 and 152,901,040 shares issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	153	153
Additional paid-in-capital	1,167,569	1,165,163
Accumulated deficit	(18,428)	(31,441)
Accumulated other comprehensive (loss)	(3,154)	(1,637)
Total equity	1,146,140	1,132,238
TOTAL LIABILITIES AND EQUITY	\$ 1,903,331	\$ 1,886,581

First Advantage Corporation
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

<i>(in thousands, except share and per share amounts)</i>	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
REVENUES	\$ 189,881	\$ 132,070
OPERATING EXPENSES:		
Cost of services (exclusive of depreciation and amortization below)	96,431	65,945
Product and technology expense	13,773	10,553
Selling, general, and administrative expense	28,545	23,978
Depreciation and amortization	34,034	34,763
Total operating expenses	172,783	135,239
INCOME (LOSS) FROM OPERATIONS	17,098	(3,169)
OTHER (INCOME) EXPENSE :		
Interest (income) expense, net	(850)	6,717
Loss on extinguishment of debt	—	13,938
Total other (income) expense	(850)	20,655
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	17,948	(23,824)
Provision (benefit) for income taxes	4,935	(4,435)
NET INCOME (LOSS)	\$ 13,013	\$ (19,389)
Foreign currency translation (loss) income	(1,517)	2,760
COMPREHENSIVE INCOME	\$ 11,496	\$ (16,629)
NET INCOME (LOSS)	\$ 13,013	\$ (19,389)
Basic net income (loss) per share	\$ 0.09	\$ (0.15)
Diluted net income (loss) per share	\$ 0.09	\$ (0.15)
Weighted average number of shares outstanding - basic	150,538,700	130,000,000
Weighted average number of shares outstanding - diluted	152,348,806	130,000,000

First Advantage Corporation
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(in thousands)</i>	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 13,013	\$ (19,389)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	34,034	34,763
Loss on extinguishment of debt	—	13,938
Amortization of deferred financing costs	445	704
Bad debt (recovery)	(184)	(173)
Deferred taxes	1,698	(6,304)
Share-based compensation	1,859	562
(Gain) on foreign currency exchange rates	(411)	(96)
Loss on disposal of fixed assets	163	1
Change in fair value of interest rate swaps	(5,260)	(1,032)
Changes in operating assets and liabilities:		
Accounts receivable	8,862	6,963
Prepaid expenses and other assets	1,151	(6,161)
Accounts payable	(1,329)	(8,087)
Accrued compensation and accrued liabilities	(13,215)	5,579
Deferred revenues	(254)	31
Operating lease liabilities	(405)	—
Other liabilities	(26)	363
Income taxes receivable and payable, net	1,442	2,051
Net cash provided by operating activities	<u>41,583</u>	<u>23,713</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in short-term investments	—	440
Acquisitions of businesses, net of cash acquired	(18,920)	(7,588)
Purchases of property and equipment	(2,909)	(1,443)
Capitalized software development costs	(4,643)	(3,536)
Net cash used in investing activities	<u>(26,472)</u>	<u>(12,127)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from Successor First Lien Credit Facility	—	261,413
Repayments of Successor First Lien Credit Facility	—	(163,875)
Repayment of Successor Second Lien Credit Facility	—	(146,584)
Payments of debt issuance costs	—	(1,257)
Payments on capital and finance lease obligations	(238)	(459)
Payments on deferred purchase agreements	(349)	—
Proceeds from stock option exercises	547	—
Net cash used in financing activities	<u>(40)</u>	<u>(50,762)</u>
Effect of exchange rate on cash, cash equivalents, and restricted cash	58	(310)
Increase (decrease) in cash, cash equivalents, and restricted cash	15,129	(39,486)
Cash, cash equivalents, and restricted cash at beginning of period	292,790	152,970
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 307,919</u>	<u>\$ 113,484</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for income taxes, net of refunds received	\$ 1,713	\$ 298
Cash paid for interest	\$ 4,774	\$ 7,153
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Non-cash property and equipment additions	\$ 206	\$ 295

Reconciliation of Consolidated Non-GAAP Financial Measures

<i>(in thousands, except percentages)</i>	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income (loss)	\$ 13,013	\$ (19,389)
Interest (income) expense, net	(850)	6,717
Provision (benefit) for income taxes	4,935	(4,435)
Depreciation and amortization	34,034	34,763
Loss on extinguishment of debt	—	13,938
Share-based compensation	1,859	562
Transaction and acquisition-related charges ^(a)	1,498	3,984
Integration, restructuring, and other charges ^(b)	(889)	450
Adjusted EBITDA	\$ 53,600	\$ 36,590
Revenues	189,881	132,070
Net income (loss) margin	6.9 %	(14.7)%
Adjusted EBITDA Margin	28.2 %	27.7 %

(a) Represents charges incurred related to acquisitions and similar transactions, primarily consisting of change in control-related costs, professional service fees, and other third-party costs. Additionally, the three months ended March 31, 2021 includes incremental professional service fees incurred related to the IPO and the three months ended March 31, 2022 includes a transaction bonus expense related to one of the Company's 2021 acquisitions.

(b) Represents charges from organizational restructuring and integration activities, non-cash, and other charges primarily related to legal exposures inherited from legacy acquisitions, foreign currency (gains) losses, and (gains) losses on the sale of assets.

Reconciliation of Consolidated Non-GAAP Financial Measures (continued)

<i>(in thousands)</i>	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net income (loss)	\$ 13,013	\$ (19,389)
Provision (benefit) for income taxes	4,935	(4,435)
Income (loss) before provision for income taxes	17,948	(23,824)
Debt-related charges ^(a)	(4,815)	14,911
Acquisition-related depreciation and amortization ^(b)	29,115	31,512
Share-based compensation	1,859	562
Transaction and acquisition-related charges ^(c)	1,498	3,984
Integration, restructuring, and other charges ^(d)	(889)	450
Adjusted Net Income before income tax effect	44,716	27,595
Less: Income tax effect ^(e)	11,219	7,092
Adjusted Net Income	\$ 33,497	\$ 20,503

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Diluted net income (loss) per share (GAAP)	\$ 0.09	\$ (0.15)
<i>Adjusted Net Income adjustments per share</i>		
Income taxes	0.03	(0.03)
Debt-related charges ^(a)	(0.03)	0.11
Acquisition-related depreciation and amortization ^(b)	0.19	0.24
Share-based compensation	0.01	0.00
Transaction and acquisition related charges ^(c)	0.01	0.03
Integration, restructuring, and other charges ^(d)	(0.01)	0.00
Adjusted income taxes ^(e)	(0.07)	(0.05)
Adjusted Diluted Earnings Per Share (Non-GAAP)	\$ 0.22	\$ 0.16

Weighted average number of shares outstanding used in computation of Adjusted Diluted Earnings Per Share:

Weighted average number of shares outstanding—diluted (GAAP and Non-GAAP)	152,348,806	130,000,000
---	-------------	-------------

- (a) Represents the loss on extinguishment of debt and non-cash interest expense related to the amortization of debt issuance costs for the 2021 February refinancing and repayment of the Company's Successor First Lien Credit Facility and Successor Second Lien Credit Facility, respectively. Beginning in 2022, this adjustment also includes the impact of the change in fair value of interest rate swaps. This adjustment, which represents the fair value gains or losses on the interest rate swaps, was added as a result of the increased interest rate volatility observed in the first quarter of 2022. The Company determined that the impact to the previous year, \$1.0 million for the three months ended March 31, 2021, was not significant and therefore the previously reported amounts will not be recast.
- (b) Represents the depreciation and amortization expense related to intangible assets and developed technology assets recorded due to the application of ASC 805, *Business Combinations*.
- (c) Represents charges incurred related to acquisitions and similar transactions, primarily consisting of change in control-related costs, professional service fees, and other third-party costs. Additionally, the three months ended March 31, 2021 includes incremental professional service fees incurred related to the IPO and the three months ended March 31, 2022 includes a transaction bonus expense related to one of the Company's 2021 acquisitions.
- (d) Represents charges from organizational restructuring and integration activities, non-cash, and other charges primarily related to legal exposures inherited from legacy acquisitions, foreign currency (gains) losses, and (gains) losses on the sale of assets.
- (e) Effective tax rates of approximately 25.1% and 25.7% have been used to compute Adjusted Net Income and Adjusted Diluted Earnings Per Share for the three months ended March 31, 2022 and 2021, respectively. As of December 31, 2021, we had net operating loss carryforwards of approximately \$120.1 million for federal income tax purposes available to reduce future income subject to income taxes. As a result, the amount of actual cash taxes we pay for federal income taxes differs significantly from the effective income tax rate computed in accordance with GAAP and from the normalized rate shown above.



First Advantage Announces Promotion of Joelle Smith to President, Data, Technology, and Experience

The appointment further solidifies First Advantage's position on the leading edge of product and technology innovation

ATLANTA, May 11, 2022 — First Advantage Corporation (NASDAQ: FA), a leading global provider of technology solutions for screening, verifications, safety, and compliance related to human capital, announces the promotion of Joelle Smith to President, Data, Technology, and Experience.

Smith has been leading First Advantage's technology innovation and growth as Chief Experience Officer. In her new expanded role, Smith and her team will focus on accelerating and bolstering First Advantage's data, automation, advanced technology, and products, further enhancing First Advantage's exceptional applicant and customer experience.

"At First Advantage, we are focused on staying on the leading edge of product and technology innovation to best serve our customer's needs. Our fast-paced industry, defined by high-velocity hiring trends, requires our customers to have access to fast, high-quality background screening data and technology to make vital decisions for their organizations," Chief Executive Officer Scott Staples said.

"We are disrupting the applicant and customer experience by leveraging cutting-edge technologies, and I am pleased that Joelle is leading the charge as we continue to strategically invest in our growth to further enable our customers to hire smarter and onboard faster," Staples continued.

Smith joined First Advantage in 2017. Under her direction, First Advantage streamlined technology and product operations and launched eight new products. In 2020, she was promoted to Chief Experience Officer. During her tenure, Smith transformed and united the Product, Sales Enablement, Engineering, Data Science, and IT organizations to drive industry-leading growth through novel and patent-pending products, ultimately helping to contribute to the successful IPO of the Company in June 2021.

Throughout her career, Smith has built a reputation for leading transformative growth initiatives fueled by innovation, with an unrelenting focus on customer experience. She has held executive positions in software and data science across the capital markets and financial services landscape, and in the travel and hospitality industries. In 2016, she was the recipient of the Women Worth Watching award by Profiles in Diversity Journal and Stevie Award finalist for the Female Executive of the Year category. In 2021, Smith received an Inspiring Leaders Award from Inspiring Workplaces and was recognized as a "Most Influential TA Thought Leader" by TAtech.org. Additionally, she was also added to Constellation Research's Business Transformation 150, an elite list recognizing top global executives leading business transformation efforts in their organizations.

About First Advantage

First Advantage (NASDAQ: FA) is a leading global provider of technology solutions for screening, verifications, safety, and compliance related to human capital. The Company delivers innovative solutions and insights that help customers manage risk and hire the best talent. Enabled by its proprietary technology, First Advantage's products and solutions help companies protect their brands and provide safer environments for their customers and their most important resources: employees, contractors, contingent workers, tenants, and drivers. Headquartered in Atlanta, Georgia, First Advantage performs screens in over 200 countries and territories on behalf of its more than 33,000 customers. For more information about First Advantage, visit the Company's website at <https://fadv.com/>.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not historical facts. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to various risks, uncertainties, assumptions, or changes in circumstances that are difficult to predict or quantify, including those described under the “Risk Factors” section in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission (SEC), which are accessible on the SEC’s website at www.sec.gov. Any forward-looking statements included in this press release, or our SEC filings are made only as of their respective dates, and we undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as required by law.

###

Media Contact:

Mariah Mellor
Director, Corporate Communications
Mariah.Mellor@fadv.com
(888) 314-9761

Investor Contact:

Stephanie D. Gorman
Vice President, Investor Relations
Investors@fadv.com
(888) 314-9761
