



Q1 2023

Investor Update  
May 9, 2023

# Cautionary Note Regarding Forward-Looking Statements

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This presentation contains statements that constitute forward-looking statements which involve risks and uncertainties, including such risks and uncertainties related to the effects of COVID-19 on the Company's business and results of operations and other factors set forth in the Annual Report on Form 10-K of PlayAGS, Inc. ("AGS" or the "Company") filed with the U.S. Securities and Exchange Commission (the "SEC") by the Company. These statements include descriptions regarding the intent, belief or current expectations of AGS or its officers with respect to the consolidated results of operations and financial condition, future events and plans of AGS. These statements can be recognized by the use of words such as "expects," "plans," "will," "estimates," "projects," or words of similar meaning. Such forward-looking statements are not guarantees of future performance and actual results may differ from those in the forward-looking statements as a result of various factors and assumptions. These statements are subject to risks, uncertainties, changes in circumstances, assumptions and other important factors, many of which are outside management's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management of AGS on future events. We undertake no obligation to publicly update or revise any forward-looking statement contained in this presentation, whether as a result of new information, future events or otherwise, except as required by law. In light of the risks, uncertainties and assumptions, the forward-looking events discussed in this presentation might not occur, and our actual results could differ materially from those anticipated in these forward-looking statements.

This presentation also contains references to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted EBITDA, Free Cash Flow, total net debt leverage ratio and adjusted total net debt leverage ratio which are non-GAAP financial measures. Management believes that there are non-GAAP measures and their related measures are commonly reported by companies and widely used by investors as indicators of a company's operating performance. Non-GAAP financial measures should be considered only as a supplement to, and not as a superior measure to, financial measures prepared in accordance with GAAP. Please refer to the reconciliations of certain non-GAAP financial measures included in this presentation to the most directly comparable financial measure prepared in accordance with GAAP.

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# Q1 2023 Highlights

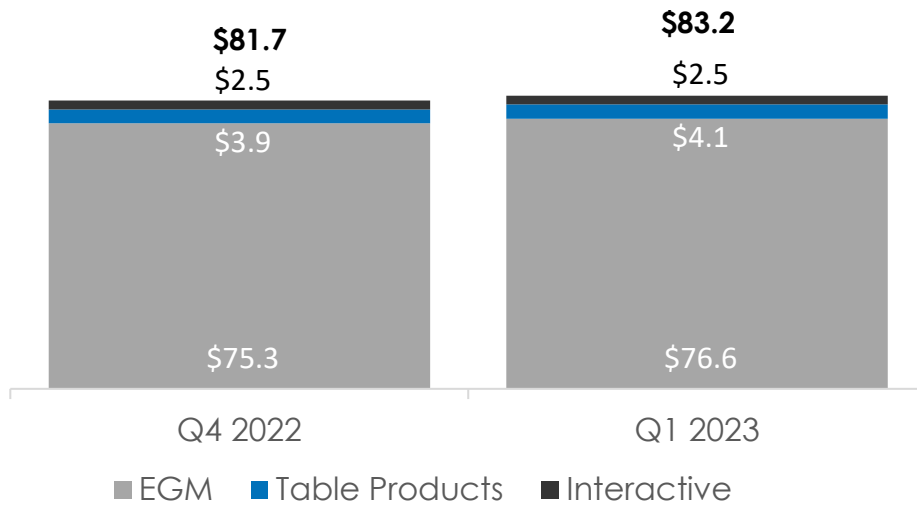
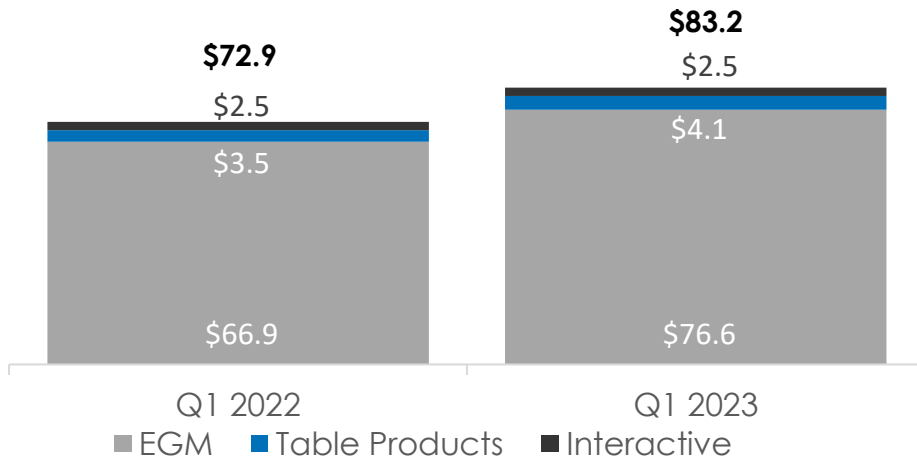
- Total revenue increased 14% year-over-year to a record \$83.2 million; up sequentially for the ninth consecutive quarter
- Net loss improved year-over-year to \$334 thousand
- Adjusted EBITDA reached a first quarter record \$36.5 million (+11% year-over-year)
- Domestic EGM recurring revenue grew by 10% year-over-year to a record \$47.7 million; second consecutive quarterly record
- Global EGM sales topped 1,100 units, nearly 10% ahead of Q1 2019; unique customer count up by more than 45% year-over-year
- Domestic EGM premium mix eclipsed 15%; thirteen consecutive quarters of sequential premium unit growth
- Table Products revenue increased by over 15% year-over-year to a record \$4.1 million
- Remain on target to exit 2023 with net leverage in the range of 3.25x to 3.75x



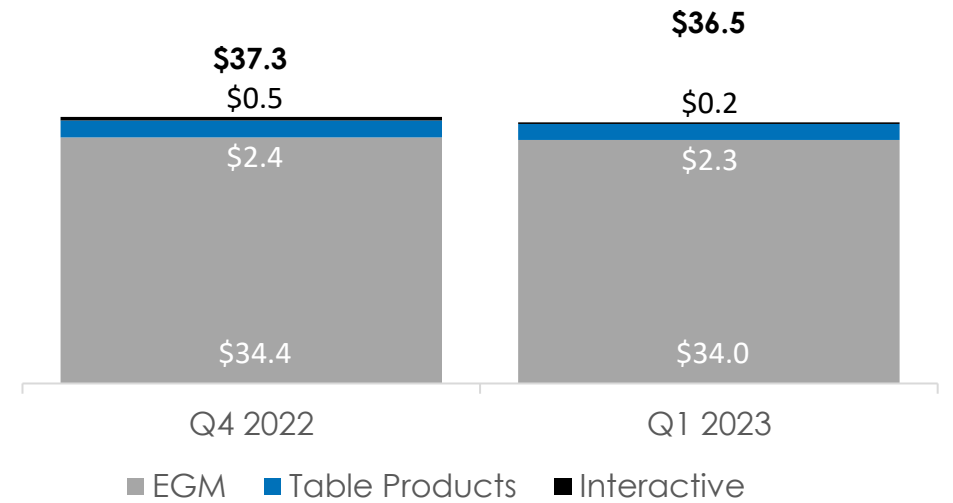
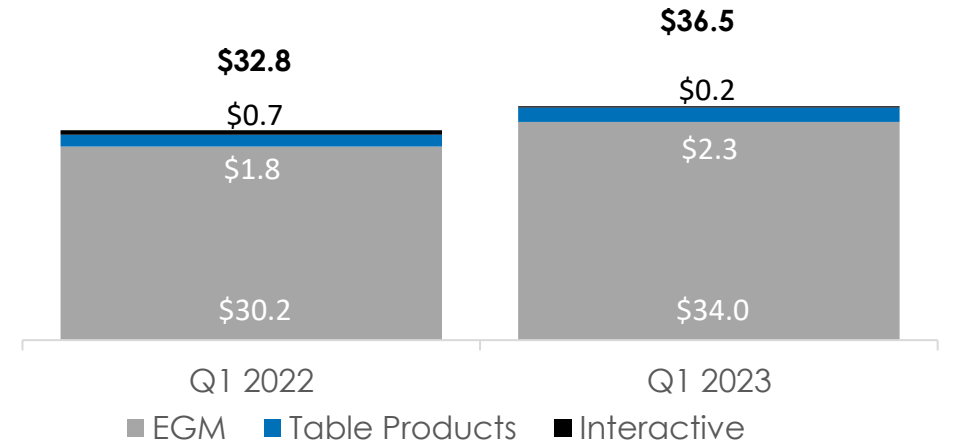
# Q1 2023 Financial Performance

(\$ in mm)

## REVENUE



## ADJUSTED EBITDA



# EGM Segment

(\$ in thousands), except unit data and ASP

EGM	Q1 2023	Q1 2022	% Change
Gaming operations revenue	\$ 52,413	\$ 47,296	11%
Equipment sales revenue	24,145	19,610	23%
Total revenues	\$ 76,558	\$ 66,906	14%
Adjusted EBITDA	\$ 34,032	\$ 30,195	13%
Domestic installed base	16,360	15,915	3%
International installed base	6,248	7,197	-13%
Total installed base	22,608	23,112	-2%
Domestic revenue per day	\$ 32.82	\$ 30.79	7%
International revenue per day	8.29	6.17	34%
Total revenue per day	\$ 26.06	\$ 23.13	13%
Total EGM units sold	1,121	955	17%
Average sales price	\$ 19,587	\$ 19,276	2%

- Domestic EGM gaming operations revenue increased 10% year-over-year and approximately 2% sequentially to a quarterly record \$47.7 million
- Domestic EGM RPD increased 7% year-over-year to \$32.82; exceeded \$30 for the eighth consecutive quarter
- Domestic EGM installed base expanded to 16,360 units at the end of Q1 2023; fourth consecutive quarterly sequential increase
- Premium EGM installed base increased sequentially for the thirteenth consecutive quarter; premium mix topped 15% at the end of Q1 2023 compared to approximately 11% at Q1 2022
- Sold over 1,100 EGM units globally for the second consecutive quarter; up by more than 15% year-over-year and nearly 10% ahead of Q1 2019 levels
- EGM average sales price ("ASP") was \$19,587, up 2% year-over-year; growth supported by increased mix of premium-priced *Spectra* cabinet sales; topped \$19,000 for the sixth consecutive quarter
- International EGM recurring revenue grew by over 15% versus the prior year to \$4.7 million; improved sequentially for the eleventh consecutive quarter; International EGM RPD topped \$8 for the first time since Q2 2019

# Table Products and Interactive Segments

(\$ in thousands), except unit data and ALP

Table Products	Q1 2023	Q1 2022	% Change
Gaming operations revenue	\$ 3,706	\$ 3,397	9%
Equipment sales revenue	388	83	367%
Total revenues	\$ 4,094	\$ 3,480	18%
Adjusted EBITDA	\$ 2,251	\$ 1,829	23%
Table Products installed base <sup>1</sup>	5,278	4,418	19%
Average monthly lease price <sup>1</sup>	\$ 230	\$ 249	-8%

(\$ in thousands)

Interactive	Q1 2023	Q1 2022	% Change
Gaming operations revenue	\$ 2,523	\$ 2,471	2%
Adjusted EBITDA	\$ 220	\$ 742	-70%

- Revenues and Adjusted EBITDA increased 18% and 23% year-over-year, respectively; revenues reached a new quarterly record
  - Installed base expanded by more than 225 units on a quarterly sequential basis to a record 5,278 units
  - Equipment sales revenue more than quadrupled versus the prior year; supported by outsized growth in PAX S sales
  - PAX S specialty game card shuffler footprint grew to over 200 units at quarter end, up by more than 40% versus Q4 2022; units live in more than 40 unique casinos across 16 states and provinces
  - Bonus Spin Xtreme ("BSX") progressive installed base eclipsed 500 units at quarter end; up by nearly 20% versus Q4 2022
  - Live with over 20 AGS Arsenal site license agreements at quarter end; launched our second largest ever Arsenal deal in Q1 2023
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- Segment revenue increased 2% year-over-year to \$2.5 million
  - RMG revenue grew by approximately 5% versus the prior year; topped \$2 million for the fourth consecutive quarter
  - North American-sourced revenue accounted for over 85% of Q1 2023 RMG revenue mix compared to 78% in Q1 2022
  - Delivered positive Adjusted EBITDA for the thirteenth consecutive quarter; remain committed to profitably scaling revenues
  - Live in nearly all the most prominent regulated North American online jurisdictions at quarter end; PA, MI and NJ served as the highest revenue generating end markets
  - Online slot content currently live with over 70 i-gaming operators globally; activated twelve new B2C partner relationships in Q1 2023

1.) As a result of a comprehensive review of our unit counts, the Table Products installed base and average monthly lease price have been revised in the prior period to reflect a more accurate count of the products on lease. The review resulted in no changes to revenues or Adjusted EBITDA.

# Balance Sheet and Cash Flow Highlights

- Total available liquidity, as of March 31, 2023, was approximately \$65 million, inclusive of \$40 million of availability under our undrawn revolving credit facility
- Total Net Debt Leverage Ratio, as of March 31, 2023, was 3.8x. Our revolving credit facility and term loan mature in 2027 and 2029, respectively
- We expect to exit 2023 with net leverage in the range of 3.25x to 3.75x
- Q1 2023 capital expenditures totaled approximately \$14 million
- We expect to incur full year 2023 capital expenditures of \$65 million to \$70 million, inclusive of anticipated capitalized R&D expenditures
- Q1 2023 cash interest expense was approximately \$13 million; we believe this level serves as a good run-rate for the remainder of the year barring any material change in market-level rates
- Q1 2023 free cash flow was negative \$10 million; adjusted for seasonal employee bonus payments (~\$7 million) and timing-related working capital items that are expected to largely neutralize over the balance of the year (~\$7.5 million), free cash flow would have been nicely positive
- We remain confident in our ability to deliver positive free cash flow over the remainder of 2023, with the level of free cash flow building sequentially as we progress throughout the year



# Liquidity and Leverage

(\$ in mm)	3/31/2023	3/31/2022	Maturity
Senior Secured Term B Loan (SOFR+4.0%)	569	\$575	02/15/29
Other	1	1	
<b>Total debt</b>	<b>\$570</b>	<b>\$576</b>	
Less: Cash	(\$25)	(\$33)	
<b>Total net debt</b>	<b>\$545</b>	<b>\$543</b>	
LTM Adjusted EBITDA	\$142	\$129	
Net leverage	<b>3.8x</b>	<b>4.2x</b>	



# Q2 2023 Outlook

- **Global EGM Product Sales** – Growing customer demand for our chart-topping *Spectra* cabinet, a continued strategic focus on broadening our customer account penetration, complementary sales into international markets, and an anticipated normal seasonal lift in operator slot capital spending should allow us to deliver global EGM unit sales volumes that exceed Q1 2023 levels.
- **Domestic EGM Average Sales Price (“ASP”)** - Based on our anticipated Q2 2023 EGM unit sales mix, we expect ASP to look relatively similar to the level achieved in the first quarter.
- **Domestic EGM Revenue per Day (“RPD”)** – Our ability to leverage multiple company-specific catalysts, including our high-performing *Spectra* cabinet, increasingly deep and diverse core content portfolio, and consistent premium game market penetration momentum, should allow us to comfortably sustain Q2 2023 domestic EGM RPD above the \$30 level.
- **Domestic EGM Installed Base** - The opportunity to simultaneously activate new premium unit customers and broaden our penetration with existing premium customers, combined with continued stability in our core unit footprint, should allow us to expand our domestic installed base for a fifth consecutive quarter.
- **International EGM Gaming Operations Revenue** - The continued strong performance of several established AGS franchise game themes throughout Mexico, further installed base optimization, and stable macroeconomic trends should allow for a twelfth consecutive quarter of sequential improvement in our International EGM recurring revenue performance.
- **Table Products Segment** – With momentum in the business accelerating, supported by further customer adoption of our *PAX S* shuffler and *Bonus Spin Xtreme* progressive, we should be able to improve upon our record-setting Q1 revenue performance in the second quarter.
- **Interactive Revenue** – Q2 2023 segment level revenues should look relatively similar to those achieved in the first quarter, with a more pronounced lift off occurring in the back half of the year as the payoff from recent investments into our technical and commercial teams and upside from recent new customer activations become better reflected in our quarterly results.
- **Adjusted EBITDA Margin** – Although we continue to expect full-year adjusted EBITDA margin to land in the 44% to 45% range, seasonal costs associated with our GameOn customer conference are likely to push Q2 2023 adjusted EBITDA margin slightly below the low end of the targeted full-year range.

**This forward-looking commentary assumes no material changes with respect to prevailing macroeconomic conditions.**

# Appendix



# Consolidated Operational Summary

(\$ in millions, except unit data, RPD, ASP, and ALP)

Operational and other data	Q1	Q2	Q3	Q4	2021	Q1	Q2	Q3	Q4	2022	Q1	LTM 3/31/23
<b>Revenues by segment</b>												
EGM	\$50.5	\$61.2	\$61.6	\$64.5	\$237.8	\$66.9	\$70.5	\$71.6	\$75.3	\$284.3	\$76.6	\$294.0
Table products	2.8	2.8	3.1	3.2	11.9	3.5	3.5	4.0	3.9	\$14.9	4.1	\$15.5
Interactive	2.1	2.8	2.6	2.5	10.0	2.5	2.6	2.6	2.5	\$10.2	2.5	\$10.2
<b>Total revenue</b>	<b>\$55.4</b>	<b>\$66.8</b>	<b>\$67.3</b>	<b>\$70.2</b>	<b>\$259.7</b>	<b>\$72.9</b>	<b>\$76.6</b>	<b>\$78.3</b>	<b>\$81.7</b>	<b>\$309.4</b>	<b>\$83.2</b>	<b>\$319.7</b>
<b>Adjusted EBITDA by segment</b>												
EGM	\$24.4	\$29.5	\$29.5	\$29.5	\$112.8	\$30.2	\$31.6	\$31.3	\$34.4	\$127.5	\$34.0	\$131.3
% margin	48.3%	48.1%	47.8%	45.7%	47.4%	45.1%	44.8%	43.7%	45.7%	44.8%	44.5%	44.7%
Table products	1.4	1.4	1.6	2.0	6.4	1.8	2.0	2.6	2.4	8.8	2.3	9.2
Interactive	0.5	1.2	0.8	0.8	3.3	0.7	0.5	0.6	0.5	2.4	0.2	1.8
<b>Total Adjusted EBITDA</b>	<b>\$26.3</b>	<b>\$32.1</b>	<b>\$31.9</b>	<b>\$32.3</b>	<b>\$122.6</b>	<b>\$32.8</b>	<b>\$34.1</b>	<b>\$34.5</b>	<b>\$37.3</b>	<b>\$138.6</b>	<b>\$36.5</b>	<b>\$142.4</b>
% margin	47.5%	48.0%	47.4%	45.9%	47.2%	45.0%	44.6%	44.1%	45.6%	44.8%	43.9%	44.5%
<b>EGM segment</b>												
Class II	11,412	11,317	11,272	11,256	11,256	11,215	11,233	11,324	11,251	11,251	11,244	11,244
Class III	4,044	4,129	4,495	4,683	4,683	4,700	4,794	4,934	5,075	5,075	5,116	5,116
Domestic installed base	15,456	15,446	15,767	15,939	15,939	15,915	16,027	16,258	16,326	16,326	16,360	16,360
International installed base	7,985	7,879	7,896	7,643	7,643	7,197	6,769	6,274	6,244	6,244	6,248	6,248
<b>Total installed base</b>	<b>23,441</b>	<b>23,325</b>	<b>23,663</b>	<b>23,582</b>	<b>23,582</b>	<b>23,112</b>	<b>22,796</b>	<b>22,532</b>	<b>22,570</b>	<b>22,570</b>	<b>22,608</b>	<b>22,608</b>
Domestic RPD	\$27.10	\$33.11	\$31.08	\$30.17	\$30.35	\$30.79	\$32.55	\$31.13	\$31.46	\$31.48	\$32.82	\$31.99
International RPD	\$2.94	\$4.66	\$5.11	\$5.55	\$4.52	\$6.17	\$6.69	\$7.34	\$7.61	\$6.92	\$8.29	\$7.46
<b>Total RPD</b>	<b>\$18.89</b>	<b>\$23.47</b>	<b>\$22.40</b>	<b>\$22.16</b>	<b>\$21.72</b>	<b>\$23.13</b>	<b>\$24.79</b>	<b>\$24.31</b>	<b>\$24.87</b>	<b>\$24.27</b>	<b>\$26.06</b>	<b>\$25.00</b>
Total EGM units sold	289	613	663	815	2,380	955	934	1,014	1,116	4,019	1,121	4,185
Global avg sales price	\$17,520	\$16,902	\$18,970	\$19,286	\$18,369	\$19,276	\$19,703	\$19,146	\$19,382	\$19,372	\$19,587	\$19,451
<b>Table products segment</b>												
Table products installed base	3,616	3,644	3,783	3,801	3,801	4,418	4,791	4,969	5,051	5,051	5,278	5,278
Avg monthly lease price	\$251	\$254	\$260	\$268	\$258	\$249	\$239	\$243	\$241	\$243	\$230	\$238

# Total Adjusted EBITDA Reconciliation

(\$ in mm)

Adj. EBITDA reconciliation	Q1	Q2	Q3	Q4	2021
Net income (loss)	(\$7.8)	(\$3.9)	(\$1.8)	(\$9.1)	(\$22.6)
Income tax expense (benefit)	0.3	0.3	(2.7)	(0.1)	(\$2.2)
Depreciation and amortization	18.4	18.6	18.4	18.5	\$73.9
Interest expense, net of interest income and other	10.8	11.1	11.6	11.0	\$44.5
<b>2</b> Write-downs and other	0.7	0.1	0.2	1.8	\$2.8
<b>3</b> Other adjustments	(0.0)	0.7	0.2	2.2	\$3.1
<b>4</b> Other non-cash charges	2.2	2.1	2.0	2.1	\$8.4
<b>5</b> Non-cash stock compensation	1.6	3.2	4.0	5.8	\$14.6
<b>Adjusted EBITDA</b>	<b>\$26.3</b>	<b>\$32.1</b>	<b>\$31.9</b>	<b>\$32.3</b>	<b>\$122.6</b>

(\$ in mm)

Adj. EBITDA reconciliation	Q1	Q2	Q3	Q4	2022
Net income (loss)	(\$12.6)	\$1.5	\$0.5	\$2.5	(\$8.0)
Income tax expense (benefit)	0.5	0.1	(1.9)	(0.9)	(\$2.2)
Depreciation and amortization	18.9	19.2	19.0	18.5	\$75.5
Interest expense, net of interest income and other	9.3	8.2	10.4	11.8	\$39.7
<b>1</b> Loss on extinguishment and modification of debt	8.5	0.0	0.0	0.0	\$8.5
<b>2</b> Write-downs and other	0.1	0.3	1.4	0.1	\$1.9
<b>3</b> Other adjustments	0.1	0.3	0.6	1.2	\$2.2
<b>4</b> Other non-cash charges	2.2	2.1	2.2	2.6	\$9.1
<b>5</b> Non-cash stock compensation	5.8	2.4	2.3	1.3	\$11.9
<b>Adjusted EBITDA</b>	<b>\$32.8</b>	<b>\$34.1</b>	<b>\$34.5</b>	<b>\$37.3</b>	<b>\$138.6</b>

**1** **Loss on extinguishment and modification of debt** primarily relates to the refinancing of long-term debt, in which deferred loan costs and discounts related to old senior secured credit facilities were written-off.

**2** **Write-downs and other** include items related to loss on disposal or impairment of long-lived assets and fair value adjustments to contingent consideration.

**3** **Other adjustments** are primarily composed of the following:

- Costs and inventory and receivable valuation charges associated with the COVID-19 pandemic, professional fees incurred for projects, costs incurred related to public offerings, contract cancellation fees and other transaction costs deemed to be non-operating in nature;
- Acquisition and integration-related costs related to the purchase of businesses and to integrate operations and obtain costs synergies;
- Restructuring and severance costs, which primarily relate to costs incurred through the restructuring of the Company's operations from time to time and other employee severance costs recognized in the periods presented; and
- Legal and litigation related costs, which consist of payments to law firms and settlements for matters that are outside the normal course of business.

**4** **Other non-cash charges** are costs related to non-cash charges and losses on the disposition of assets, non-cash charges on capitalized installation and delivery, which primarily includes the costs to acquire contracts that are expensed over the estimated life of each contract and non-cash charges related to accretion of contract rights under development agreements.

**5** **Non-cash stock-based compensation** includes non-cash compensation expense related to grants of options, restricted stock, and other equity awards.

# Total Adjusted EBITDA Reconciliation

(\$ in mm)

Adj. EBITDA reconciliation	Q2 '21	Q3 '21	Q4 '21	Q1 '22	LTM 3/31/22
Net income (loss)	(\$3.9)	(\$1.8)	(\$9.1)	(\$12.6)	(\$27.4)
Income tax expense (benefit)	0.3	(2.7)	(0.1)	0.5	(\$2.1)
Depreciation and amortization	18.6	18.4	18.5	18.9	\$74.4
Interest expense, net of interest income and other	11.1	11.6	11.0	9.3	\$42.9
<b>1</b> Loss on extinguishment and modification of debt	0.0	0.0	0.0	8.5	\$8.5
<b>2</b> Write-downs and other	0.1	0.2	1.8	0.1	\$2.2
<b>3</b> Other adjustments	0.7	0.2	2.2	0.1	\$3.3
<b>4</b> Other non-cash charges	2.1	2.0	2.1	2.2	\$8.4
<b>5</b> Non-cash stock compensation	3.2	4.0	5.8	5.8	\$18.8
<b>Adjusted EBITDA</b>	<b>\$32.1</b>	<b>\$31.9</b>	<b>\$32.3</b>	<b>\$32.8</b>	<b>\$129.1</b>

(\$ in mm)

Adj. EBITDA reconciliation	Q2 '22	Q3 '22	Q4 '22	Q1 '23	LTM 3/31/23
Net income (loss)	\$1.5	\$0.5	\$2.5	(\$0.3)	\$4.2
Income tax expense (benefit)	0.1	(1.9)	(0.9)	(1.2)	(\$3.9)
Depreciation and amortization	19.2	19.0	18.5	19.1	\$75.8
Interest expense, net of interest income and other	8.2	10.4	11.8	13.3	\$43.7
<b>2</b> Write-downs and other	0.3	1.4	0.1	0.2	\$2.0
<b>3</b> Other adjustments	0.3	0.6	1.2	0.4	\$2.5
<b>4</b> Other non-cash charges	2.1	2.2	2.6	2.5	\$9.4
<b>5</b> Non-cash stock compensation	2.4	2.3	1.3	2.5	\$8.5
<b>Adjusted EBITDA</b>	<b>\$34.1</b>	<b>\$34.5</b>	<b>\$37.3</b>	<b>\$36.5</b>	<b>\$142.4</b>

**1** **Loss on extinguishment and modification of debt** primarily relates to the refinancing of long-term debt, in which deferred loan costs and discounts related to old senior secured credit facilities were written-off.

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- Costs and inventory and receivable valuation charges associated with the COVID-19 pandemic, professional fees incurred for projects, costs incurred related to public offerings, contract cancellation fees and other transaction costs deemed to be non-operating in nature;
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**5** **Non-cash stock-based compensation** includes non-cash compensation expense related to grants of options, restricted stock, and other equity awards.

# Terms Used In This Presentation

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**Average Monthly Lease Price (ALP)**: Average monthly lease price is calculated by dividing (a) total revenues recognized and directly attributable to Table Products by (b) the number of Table Products Installed Base and by (c) the number of months in such period.

**Average Sales Price (ASP)**: Average sales price is calculated by dividing (a) total revenues recognized and directly attributable to EGM unit sales in a period by (b) the number of EGM units sold over that same period.

**Electronic Gaming Machine (EGM)**: EGMs include, but are not limited to, slot machines, Class II machines, video poker and video lottery machines.

**EGM Installed Base**: EGM Installed Base is the number of recurring revenue EGM units installed on a specified date.

**Revenue Per Day (RPD)**: RPD is calculated by dividing (a) total revenues over a specified period recognized and directly attributable to units on lease (whether on a participation or daily fee arrangement) by (b) the number of units installed over that period and by (c) the number of days in such period.

**RMG**: Real-money Gaming.

**Table Products Installed Base**: Table Products Installed Base is the number of table products installed on a specified date.

## Connect With Us

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