



Q3 2022

Investor Update  
November 8, 2022

# 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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# Q3 2022 Highlights

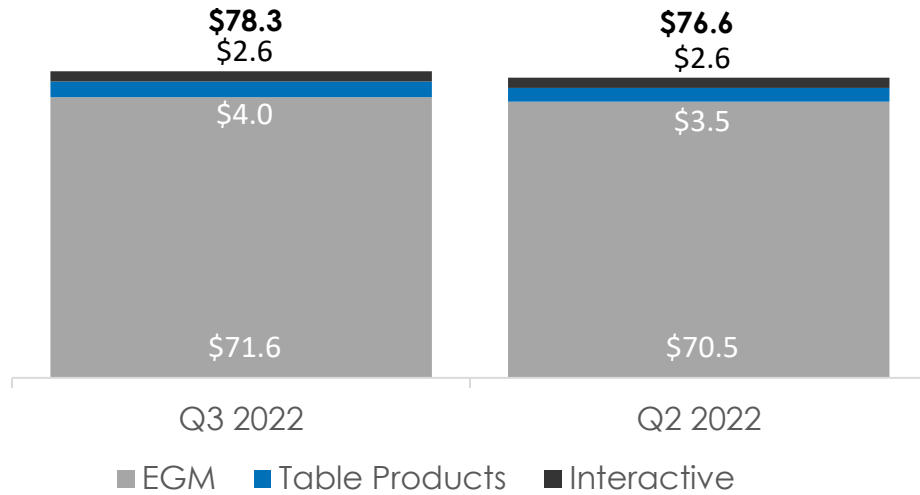
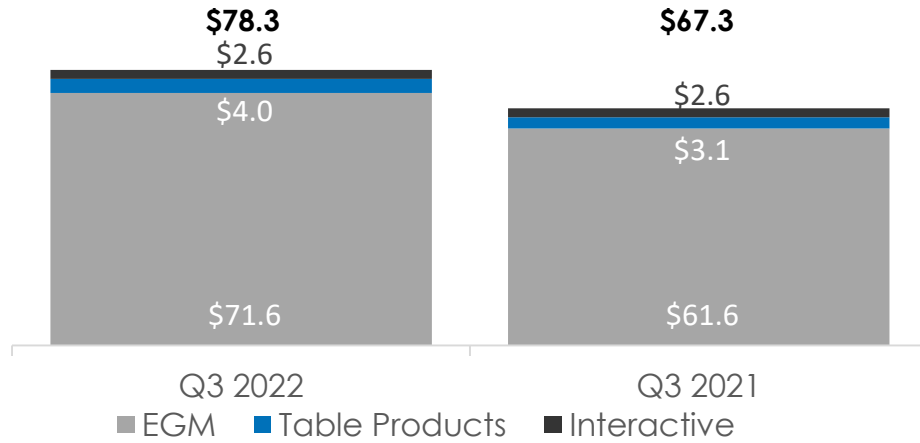
- Global EGM unit sales increased by over 50% year-over-year; eclipsed 1,000 units for the first time since Q4 2019
- Domestic EGM recurring revenue topped \$45 million for the second consecutive quarter; increased 4% year-over-year and came in 8% ahead of Q3 2019
- Premium EGM installed base increased by over 70% year-over-year and 18% sequentially to account for 14% of our domestic EGM installed base at quarter end; eleventh consecutive quarter of sequential premium EGM unit growth
- Domestic EGM RPD topped \$30 for the sixth consecutive quarter
- Domestic EGM installed base expanded for the second straight quarter; up by over 300 units year-to-date
- Generated \$476 thousand of net income compared to a net loss of \$1.8 million in the prior year period; second consecutive net profit
- Adjusted EBITDA increased 8% year-over-year to \$34.5 million
- Table Products Adjusted EBITDA reached a record \$2.6 million
- On pace to achieve our year-end 2022 net leverage target of less than 4.0x



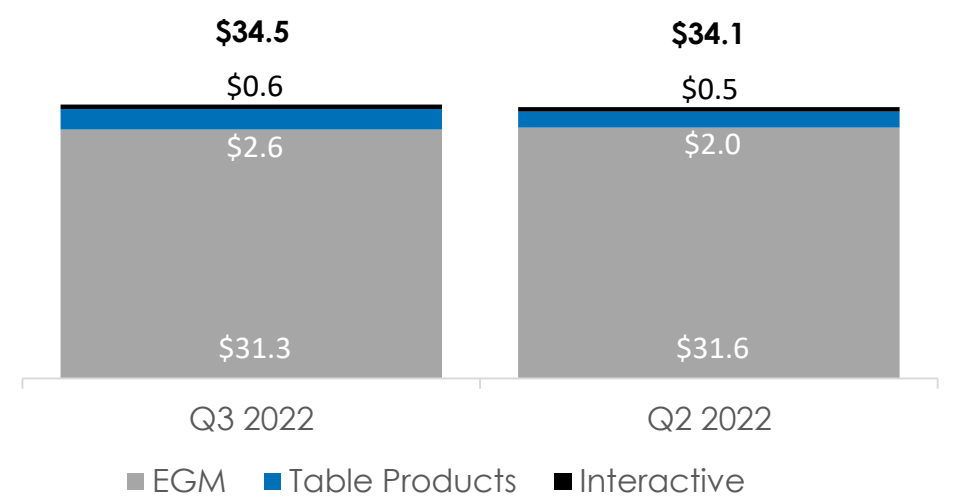
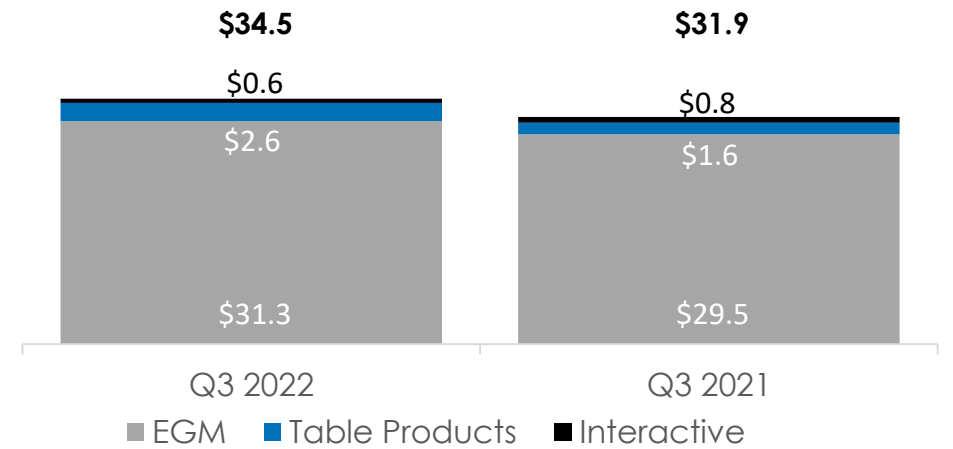
# Q3 2022 Financial Performance

(\$ in mm)

## REVENUE



## ADJUSTED EBITDA



# EGM Segment

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

EGM	Q3 2022	Q3 2021	% Change
Gaming operations revenue	\$ 50,233	\$ 47,705	5%
Equipment sales revenue	21,387	13,895	54%
Total revenues	\$ 71,620	\$ 61,600	16%
Adjusted EBITDA	\$ 31,331	\$ 29,474	6%
Domestic installed base	16,258	15,767	3%
International installed base	6,274	7,896	-21%
Total installed base	22,532	23,663	-5%
Domestic revenue per day	\$ 31.13	\$ 31.08	0%
International revenue per day	7.34	5.11	44%
Total revenue per day	\$ 24.31	\$ 22.40	9%
Total EGM units sold	1,014	663	53%
Domestic average sales price	\$ 19,146	\$ 18,970	1%

- Domestic EGM gaming operations increased approximately 4% year-over-year to \$45.9 million, supported by an over 70% year-over-year increase in the number of premium EGM units installed, further installed base optimization and a stable gaming macroeconomic backdrop
- Domestic EGM RPD increased modestly year-over-year to \$31.13, exceeding \$30 for the sixth consecutive quarter
- Our domestic EGM installed base expanded to 16,258 units at the end of Q3 2022, representing an increase of 491 units year-over-year and 231 units versus the prior sequential quarter. Our domestic EGM installed base has increased for two consecutive quarters and has expanded by 319 units year-to-date
- Our premium EGM installed base increased by over 70% year-over-year and 18% sequentially, accounting for 14% of our domestic EGM installed base at the end of Q3 2022 compared to 9% and 12% at the end of Q3 2021 and Q2 2022, respectively
- Sold 1,014 EGM units in Q3 2022, representing an increase of over 50% compared to the 663 units sold in Q3 2021 and our highest level achieved since Q4 2019
- EGM average sales price ("ASP") was \$19,146 versus \$18,970 in Q3 2021, topping \$19,000 for the fourth consecutive quarter
- Our *Orion Curve Premium* installed base increased by over 40% sequentially, as the product continues to establish critical mass across both Class II and Class III jurisdictions.

# Table Products and Interactive Segments

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

Table Products	Q3 2022	Q3 2021	% Change
Gaming operations revenue	\$ 3,756	\$ 2,953	27%
Equipment sales revenue	280	151	85%
Total revenues	\$ 4,036	\$ 3,104	30%
Adjusted EBITDA	\$ 2,561	\$ 1,628	57%
Table Products installed base <sup>1</sup>	4,969	3,783	31%
Average monthly lease price <sup>1</sup>	\$ 243	\$ 260	-7%

(\$ in thousands)

Interactive	Q3 2022	Q3 2021	% Change
Gaming operations revenue	\$ 2,603	\$ 2,573	1%
Adjusted EBITDA	\$ 575	\$ 806	-29%

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.

- Revenues increased approximately 30% year-over-year to a record \$4.0 million; up sequentially for nine consecutive quarters
- Adjusted EBITDA reached a new record of \$2.6 million
- Installed base increased by approximately 180 units on a quarterly sequential basis to a record 4,969 units, led by a nearly 70-unit increase in our progressive installed base
- Industry-leading table game progressive installed base reached 1,800 units at quarter end
- Over 80 PAX S specialty game card shufflers were live in 26 unique casinos across twelve different jurisdictions as of September 30, 2022
- Bonus Spin Xtreme ("BSX") progressive installed base increased more than four-fold year-to-date; up by over 40% sequentially
- Live with 23 AGS Arsenal site license agreements as of September 30, 2022; new operator interest remains strong
- Segment revenue up slightly year-over-year to \$2.6 million
- RMG revenues increased 10% year-over-year and 6% sequentially
- North American-sourced RMG revenues accounted for approximately 88% of our Q3 2022 total RMG revenue mix compared to 70% in Q3 2021
- Delivered positive Adjusted EBITDA for the eleventh consecutive quarter
- Recent strategic hires to allow for accelerated porting of traditional slot content to the online channel and the creation of bespoke online-only game content
- Currently have over 30 AGS titles available for play in regulated North American online markets, including PA, MI, NJ, Ontario, Quebec, and Alberta

# Balance Sheet and Cash Flow Highlights

- As of September 30, 2022, we had approximately \$73 million of total available liquidity
- Our Total Net Debt Leverage Ratio as of September 30, 2022 was 4.0x. Our revolving credit facility and term loan mature in 2027 and 2029, respectively
- Q3 2022 capital expenditures totaled approximately \$20 million, bringing year-to-date capital spend to approximately \$50 million
- Driven by unwavering customer demand for our high-performing premium EGM products and the market's strong initial response to our new *Spectra* cabinet and high-denomination game content, we expect full-year capital expenditures to land near the top end of our previously issued \$62 to \$67 million range
- Our sustained operational momentum, budgeted capital spending plans and anticipated working capital normalization should allow us to generate positive free cash flow in Q4 2022
- We remain confident in our ability to deliver upon our year-end 2022 net leverage target of less than 4.0x



# Liquidity and Leverage

(\$ in mm)	9/30/2022	12/31/2021	Maturity
Senior Secured Term B Loan (SOFR+4.0%)	572	–	02/15/29
First lien term loan (L+3.5%)	–	521	02/15/24
Incremental term loan (L+13.0%)	–	94	02/15/24
Other	1	1	
<b>Total debt</b>	<b>\$573</b>	<b>\$616</b>	
Less: Cash	(\$33)	(\$95)	
<b>Total net debt</b>	<b>\$539</b>	<b>\$521</b>	
LTM Adjusted EBITDA	\$134	\$123	
Net leverage	<b>4.0x</b>	<b>4.2x</b>	



# Q4 2022 Outlook

- **Global EGM Product Sales** – The targeted rollout of our new *Spectra* cabinet and high-denomination game content; additional strategic broadening of our customer account penetration; the harvesting of incremental returns from our accelerated R&D investments; further leveraging of our exceptional HHR game performance; complementary unit sales into select international markets; and relatively normal customer purchasing behavior should allow us to achieve Q4 2022 global EGM unit sales that exceed Q3 2022 levels.
- **Domestic EGM Average Sales Price (“ASP”)** - Supported by anticipated favorable compositional changes to our overall product mix, including initial sales of our recently-launched *Spectra* cabinet, we expect to achieve modest sequential ASP improvement in Q4 2022, with global ASP on track to eclipse the \$19,000 level for the fifth consecutive quarter.
- **Domestic EGM Revenue per Day (“RPD”) & Domestic EGM Installed Base** - The continued strong performance of our *Orion Curve Premium* package and the expanded breadth of our premium-segment game content and cabinet configuration offerings should drive further growth in our premium game footprint in Q4 2022. Additionally, we plan to leverage our new high-denomination game content to further yield optimize our domestic EGM installed base. These two strategic growth drivers, combined with the historically normal seasonal revenue trends we have observed quarter-to-date, should allow us to achieve sequential domestic EGM installed base growth and deliver domestic EGM RPD that comfortably exceeds prior year levels in Q4 2022.
- **International EGM Gaming Operations Revenue** - Supported by the continuation of Mexico's consistent macroeconomic recovery, we expect International EGM gaming operations revenue to increase sequentially for the tenth consecutive quarter in Q4 2022.
- **Table Products Revenue** – Despite a less prolific new casino opening and expansion calendar, we expect to achieve modest quarterly sequential Table Products revenue growth in Q4 2022, building on the 15% sequential growth achieved in the third quarter.
- **Interactive Revenue** – The improved flow of AGS content into the online channel should begin to drive incremental Interactive revenue growth, perhaps as early as Q4 2022, while the activation of new B2C customer relationships, the introduction of new online-only game content and the expansion of our online content's reach into additional North American jurisdictions should eventually steepen the rate of revenue growth we are able to achieve within the business.
- **Adjusted EBITDA Margin** - While we should begin to realize a modest benefit from ongoing moderation in global supply chain and logistics disruption, and the inclusion of our initial run of value-engineered *Spectra* cabinets should be gross margin accretive, we expect our commitment to investing in R&D to support future revenue growth opportunities and a full complement of seasonal G2E-related expenses to produce a Q4 2022 Adjusted EBITDA margin that is in line with to slightly below the 44% achieved in Q3 2022.

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

# Appendix



# Consolidated Operational Summary

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

Operational and other data	Q1	Q2	Q3	Q4	2021	Q1	Q2	Q3	LTM 9/30/22
<b>Revenues by segment</b>									
EGM	\$50.5	\$61.2	\$61.6	\$64.5	\$237.8	\$66.9	\$70.5	\$71.6	\$273.5
Table products	2.8	2.8	3.1	3.2	11.9	3.5	3.5	4.0	14.2
Interactive	2.1	2.8	2.6	2.5	10.0	2.5	2.6	2.6	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>\$297.9</b>
<b>Adjusted EBITDA by segment</b>									
EGM	\$24.4	\$29.5	\$29.5	\$29.5	\$112.8	\$30.2	\$31.6	\$31.3	\$122.6
% margin	48.3%	48.1%	47.8%	45.7%	47.4%	45.1%	44.8%	43.7%	44.8%
Table products	1.4	1.4	1.6	2.0	6.4	1.8	2.0	2.6	8.4
Interactive	0.5	1.2	0.8	0.8	3.3	0.7	0.5	0.6	2.7
<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>\$133.6</b>
% margin	47.5%	48.0%	47.4%	45.9%	47.2%	45.0%	44.6%	44.1%	44.8%
<b>EGM segment</b>									
VLT	-	-	-	-	-	-	-	-	-
Class II	11,412	11,317	11,272	11,256	11,256	11,215	11,233	11,324	11,324
Class III	4,044	4,129	4,495	4,683	4,683	4,700	4,794	4,934	4,934
Domestic installed base	15,456	15,446	15,767	15,939	15,939	15,915	16,027	16,258	16,258
International installed base	7,985	7,879	7,896	7,643	7,643	7,197	6,769	6,274	6,274
<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>22,532</b>
Domestic RPD	\$27.10	\$33.11	\$31.08	\$30.17	\$30.35	\$30.79	\$32.55	\$31.13	\$31.16
International RPD	\$2.94	\$4.66	\$5.11	\$5.55	\$4.52	\$6.17	\$6.69	\$7.34	\$6.40
<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>\$23.58</b>
Total EGM units sold	289	613	663	815	2,380	955	934	1,014	3,718
Global avg sales price	\$17,520	\$16,902	\$18,970	\$19,286	\$18,369	\$19,276	\$19,703	\$19,146	\$19,350
<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	4,969
Avg monthly lease price	\$251	\$254	\$260	\$268	\$258	\$249	\$239	\$243	\$249

# Total Adjusted EBITDA Reconciliation

(\$ in mm)

Adj. EBITDA reconciliation	Q1	Q2	Q3	Q4	2021
Net loss	(\$7.8)	(\$3.9)	(\$1.8)	(\$9.1)	(\$22.6)
Income tax expense	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>

**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	Q4 '20	Q1 '21	Q2 '21	Q3 '21	LTM 9/30/21
Net loss	(\$17.2)	(\$7.8)	(\$3.9)	(\$1.8)	(\$30.7)
Income tax expense	(0.9)	0.3	0.3	(2.7)	(\$3.0)
Depreciation and amortization	19.4	18.4	18.6	18.4	\$74.8
Interest expense, net of interest income and other	10.3	10.8	11.1	11.6	\$43.8
2 Write-downs and other	0.5	0.7	0.1	0.2	\$1.5
3 Other adjustments	3.3	(0.0)	0.7	0.2	\$4.2
4 Other non-cash charges	2.2	2.2	2.1	2.0	\$8.5
5 Non-cash stock compensation	3.7	1.6	3.2	4.0	\$12.5
<b>Adjusted EBITDA</b>	<b>\$21.3</b>	<b>\$26.3</b>	<b>\$32.1</b>	<b>\$31.9</b>	<b>\$111.7</b>

(\$ in mm)

Adj. EBITDA reconciliation	Q4 '21	Q1 '22	Q2 '22	Q3 '22	LTM 9/30/22
Net loss	(\$9.1)	(\$12.6)	\$1.5	\$0.5	(\$19.7)
Income tax expense	(0.1)	0.5	0.1	(1.9)	(\$1.4)
Depreciation and amortization	18.5	18.9	19.2	19.0	\$75.5
Interest expense, net of interest income and other	11.0	9.3	8.2	10.4	\$38.8
1 Loss on extinguishment and modification of debt	0.0	8.5	0.0	0.0	\$8.5
2 Write-downs and other	1.8	0.1	0.3	1.4	\$3.6
3 Other adjustments	2.2	0.1	0.3	0.6	\$3.2
4 Other non-cash charges	2.1	2.2	2.1	2.2	\$8.6
5 Non-cash stock compensation	5.8	5.8	2.4	2.3	\$16.4
<b>Adjusted EBITDA</b>	<b>\$32.3</b>	<b>\$32.8</b>	<b>\$34.1</b>	<b>\$34.5</b>	<b>\$133.6</b>

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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.

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