



# Q2 2023

Investor Update  
August 3, 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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# Q2 2023 Highlights

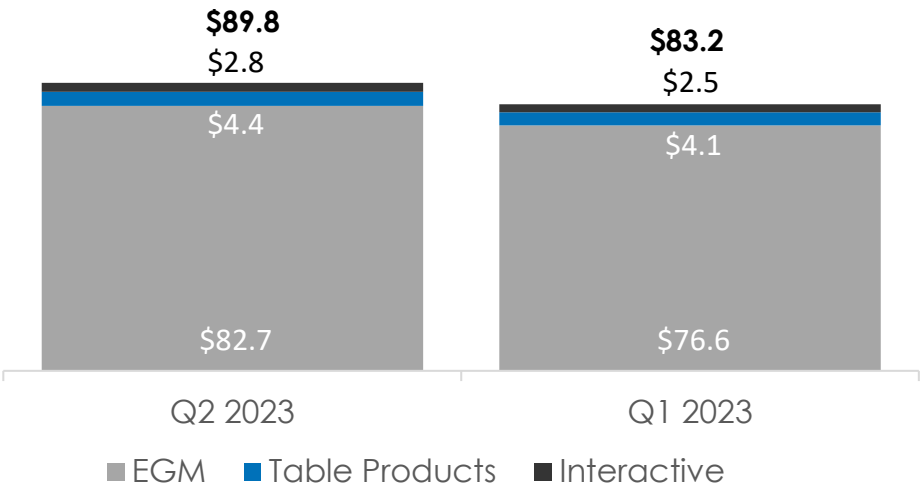
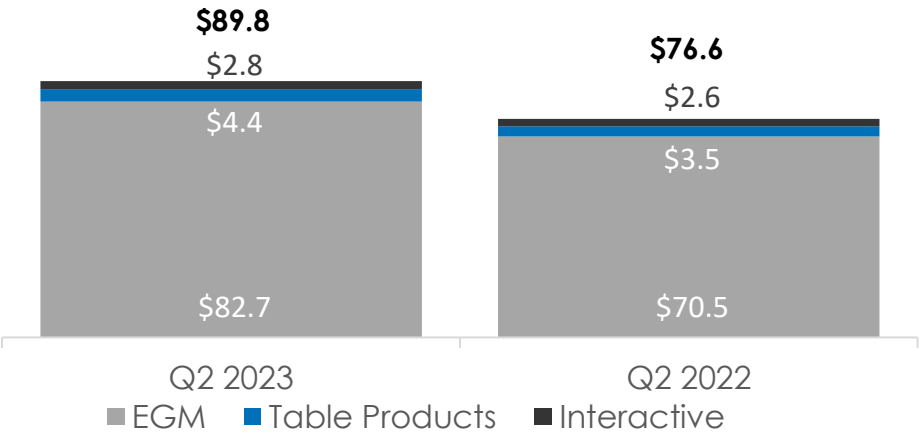
- Total revenue increased 17% year-over-year to a record \$89.8 million; up sequentially for the tenth consecutive quarter
- Generated net income of \$851 thousand
- Adjusted EBITDA increased by over 15% year-over-year to a record \$39.6 million
- Cash from operations eclipsed \$25 million; free cash flow reached \$12.6 million (+38% year-over-year)
- Global EGM sales topped 1,250 units; up 35% year-over-year and 7% ahead of Q2 2019
- Domestic EGM recurring revenue grew 7% year-over-year, well ahead of the 2% to 3% increase in market-level GGR
- Table Products revenue advanced 25% year-over-year to a record \$4.4 million
- Plan to exit 2023 with net leverage in the range of 3.25x to 3.50x; quarter turn reduction at the top end of the range



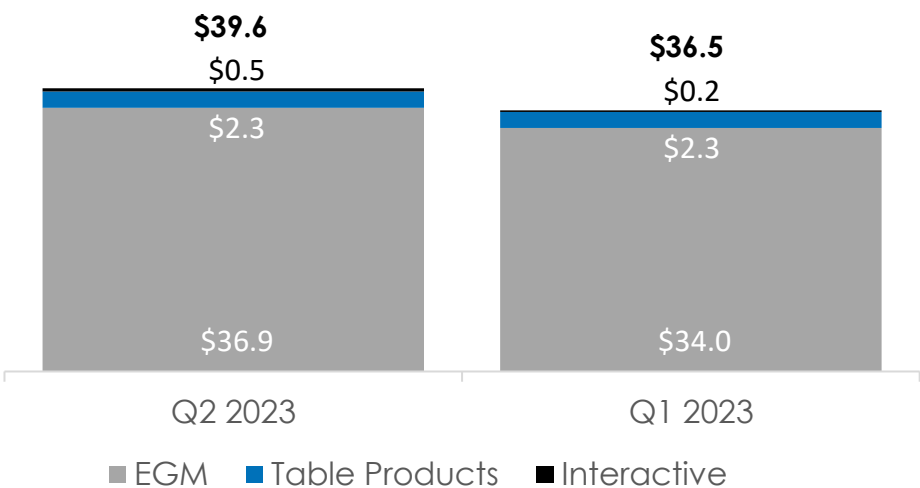
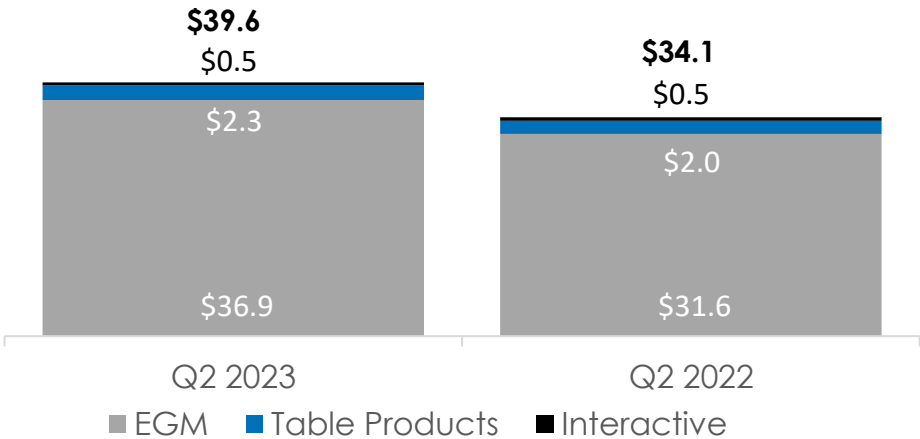
# Q2 2023 Financial Performance

(\$ in mm)

## REVENUE



## ADJUSTED EBITDA



# EGM Segment

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

EGM	Q2 2023	Q2 2022	% Change
Gaming operations revenue	\$ 54,350	\$ 50,538	8%
Equipment sales revenue	28,331	19,929	42%
Total revenues	\$ 82,681	\$ 70,467	17%
Adjusted EBITDA	\$ 36,857	\$ 31,564	17%
Domestic installed base	16,422	16,027	2%
International installed base	6,120	6,769	-10%
Total installed base	22,542	22,796	-1%
Domestic revenue per day	\$ 33.48	\$ 32.55	3%
International revenue per day	8.90	6.69	33%
Total revenue per day	\$ 26.75	\$ 24.79	8%
Total EGM units sold	1,259	934	35%
Average sales price	\$ 20,700	\$ 19,703	5%

- Domestic EGM gaming operations revenue increased 7% year-over-year and approximately 3% sequentially to a record \$49.3 million
- Domestic EGM RPD increased 3% year-over-year to a record \$33.48; exceeded \$30 for the ninth consecutive quarter
- Domestic EGM installed base expanded to 16,422 units at the end of Q2 2023; fifth consecutive quarterly sequential increase
- Premium EGM installed base increased sequentially for the fourteenth consecutive quarter; premium mix topped 16% at the end of Q2 2023 compared to approximately 12% at Q2 2022
- Sold over 1,250 EGM units globally, an increase of 35% year-over-year and approximately 7% ahead of Q2 2019 levels
- EGM average sales price ("ASP") surpassed \$20,000 for the first time ever; up 5% year-over-year
- International EGM recurring revenue increased by nearly 20% versus the prior year to \$5.1 million; improved sequentially for the twelfth consecutive quarter
- International EGM RPD reached \$8.90, up 33% year-over-year (+19% constant currency) and more than 8% ahead of Q2 2019 (\$8.22)

# Table Products and Interactive Segments

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

Table Products	Q2 2023	Q2 2022	% Change
Gaming operations revenue	\$ 3,868	\$ 3,499	11%
Equipment sales revenue	528	15	3420%
Total revenues	\$ 4,396	\$ 3,514	25%
Adjusted EBITDA	\$ 2,263	\$ 2,021	12%
Table Products installed base <sup>1</sup>	5,257	4,791	10%
Average monthly lease price <sup>1</sup>	\$ 241	\$ 239	1%

(\$ in thousands)

Interactive	Q2 2023	Q2 2022	% Change
Gaming operations revenue	\$ 2,755	\$ 2,603	6%
Adjusted EBITDA	\$ 473	\$ 545	-13%

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.

- Total revenue increased 25% year-over-year to a record \$4.4 million; gaming operations and equipment sales revenue each set new records
- Adjusted EBITDA improved 12% versus the prior year to \$2.3 million
- The PAX S specialty game card shuffler footprint grew to over 265 units at the end of Q2 2023, with units live in more than 50 unique casinos across 18 states and provinces. The PAX S footprint expanded by more than 60 units, or approximately 30%, sequentially in Q2 2023, supported by initial installs into WA, IN and SK
- The progressive installed base surpassed 1,800 units at quarter end, up approximately 5% versus the prior year. The Company's diverse table game progressive product portfolio continues to consistently generate over \$2 million of high-margin, recurring revenue per quarter
- Segment revenue increased 6% year-over-year to \$2.8 million
- RMG revenue grew by approximately 10% versus the prior year to a record \$2.3 million
- North American-sourced revenue accounted for nearly 90% of Q2 2023 RMG revenue mix
- Delivered positive Adjusted EBITDA for the fourteenth 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 catalog featuring over 40 proven AGS land-based titles was live with over 60 i-gaming operators globally at quarter end



# Balance Sheet and Cash Flow Highlights

- Total available liquidity, as of June 30, 2023, was approximately \$75 million, inclusive of \$40 million of availability under our undrawn revolving credit facility
- Total Net Debt Leverage Ratio, as of June 30, 2023, was 3.6x, down from 3.8x at December 31, 2022
- We expect to exit 2023 with net leverage in the range of 3.25x to 3.50x
- Q2 2023 capital expenditures totaled approximately \$16 million; YTD capital expenditures totaled approximately \$29 million
- We expect to incur full year 2023 capital expenditures of \$65 million to \$70 million, inclusive of anticipated capitalized R&D expenditures; currently tracking toward the low end of the range
- Q2 2023 cash interest expense was approximately \$13 million; we believe the recent move higher in market-level rates could modestly increase our quarterly cash interest payments in the back half of the year
- Q2 2023 free cash flow surpassed \$12 million; our continued operating momentum, capital deployment discipline and a heightened organizational focus on working capital efficiency should allow us to consistently generate positive quarterly free cash flow in 2H23, with full-year 2023 free cash flow on pace to exceed the approximately \$15 million of normalized free cash flow delivered in 2022



# Liquidity and Leverage

	6/30/2023	12/31/2022	Maturity
(\$ in mm)			
Senior Secured Term B Loan (SOFR+4.0%)	\$568	\$571	02/15/29
Other	1	1	
<b>Total debt</b>	<b>\$569</b>	<b>\$571</b>	
Less: Cash	(\$35)	(\$38)	
<b>Total net debt</b>	<b>\$534</b>	<b>\$533</b>	
LTM Adjusted EBITDA	\$148	\$139	
Net leverage	<b>3.6x</b>	<b>3.8x</b>	



# Q3 2023 Outlook

- **Global EGM Product Sales** – Accelerating demand for our chart-topping *Spectra UR43* cabinet, a continued strategic focus on broadening our customer account penetration, and consistent market-level demand trends should allow us to deliver Q3 2023 global EGM unit sales volume that modestly exceeds Q2 2023 levels.
- **Global EGM Average Sales Price (“ASP”)** - Although we expect domestic unit pricing to be relatively consistent with the prior quarter, a modest projected increase in our international EGM sales mix is likely to produce a global ASP that is slightly below the level achieved in Q2 2023.
- **Domestic EGM Revenue per Day (“RPD”)** – The consistent market-level GGR trends observed Q3-to-date, coupled with our ability to further leverage multiple company-specific catalysts, including our high-performing *Spectra UR43* cabinet, increasingly deep and diverse core content portfolio, and consistent premium game market penetration momentum, should allow us to deliver Q3 2023 domestic RPD that is in line with to slightly ahead of the \$31.13 achieved in Q3 2022.
- **Domestic EGM Installed Base** - The momentum behind our premium products, coupled with the relative stability of our core unit footprint and scheduled new casino openings and expansions, should allow us to grow our domestic installed base for a sixth 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 thirteenth consecutive quarter of sequential improvement in our International EGM recurring revenue performance.
- **Table Products Segment** – Supported by the consistent momentum we continue to observe across the sales and recurring revenue channels of our Table Products business, we should be able to further improve upon our record setting Q2 2023 performance in the third quarter.
- **Interactive Revenue** – Beginning in Q3 2023, we expect to realize a more pronounced lift off in our RMG revenues, 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 our full-year adjusted EBITDA margin to land in the 44% to 45% range, recurring revenue seasonality and our anticipated EGM unit sales mix could produce a Q3 2023 margin that looks relatively similar to the 44.1% delivered in the second quarter.

**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	Q2	LTM 6/30/23
<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	\$82.7	\$306.2
Table products	2.8	2.8	3.1	3.2	11.9	3.5	3.5	4.0	3.9	14.9	4.1	4.4	16.4
Interactive	2.1	2.8	2.6	2.5	10.0	2.5	2.6	2.6	2.5	10.2	2.5	2.8	10.4
<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>\$89.8</b>	<b>\$332.9</b>
<b>Adjusted EBITDA by segment</b>													
EGM	\$24.4	\$29.5	\$29.5	\$29.5	\$112.8	\$30.2	\$31.6	\$31.3	\$34.4	\$127.5	\$34.0	\$36.9	\$136.6
% margin	48.3%	48.1%	47.8%	45.7%	47.4%	45.1%	44.8%	43.7%	45.7%	44.8%	44.5%	44.6%	44.6%
Table products	1.4	1.4	1.6	2.0	6.4	1.8	2.0	2.6	2.4	8.8	2.3	2.3	9.4
Interactive	0.5	1.2	0.8	0.8	3.3	0.7	0.5	0.6	0.5	2.4	0.2	0.5	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>\$39.6</b>	<b>\$147.8</b>
% margin	47.5%	48.0%	47.4%	45.9%	47.2%	45.0%	44.6%	44.1%	45.6%	44.8%	43.9%	44.1%	44.4%
<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	11,219	11,219
Class III	4,044	4,129	4,495	4,683	4,683	4,700	4,794	4,934	5,075	5,075	5,116	5,203	5,203
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	16,422	16,422
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	6,120	6,120
<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>22,542</b>	<b>22,542</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	\$33.48	\$32.23
International RPD	\$2.94	\$4.66	\$5.11	\$5.55	\$4.52	\$6.17	\$6.69	\$7.34	\$7.61	\$6.92	\$8.29	\$8.90	\$8.03
<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>\$26.75</b>	<b>\$25.50</b>
Total EGM units sold	289	613	663	815	2,380	955	934	1,014	1,116	4,019	1,121	1,259	4,510
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	\$20,700	\$19,748
<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	5,257	5,257
Avg monthly lease price	\$251	\$254	\$260	\$268	\$258	\$249	\$239	\$243	\$241	\$243	\$230	\$241	\$239

# 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
2 Write-downs and other	0.7	0.1	0.2	1.8	\$2.8
3 Other adjustments	(0.0)	0.7	0.2	2.2	\$3.1
4 Other non-cash charges	2.2	2.1	2.0	2.1	\$8.4
5 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
1 Loss on extinguishment and modification of debt	8.5	0.0	0.0	0.0	\$8.5
2 Write-downs and other	0.1	0.3	1.4	0.1	\$1.9
3 Other adjustments	0.1	0.3	0.6	1.2	\$2.2
4 Other non-cash charges	2.2	2.1	2.2	2.6	\$9.1
5 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)

	Q3 '21	Q4 '21	Q1 '22	Q2 '22	LTM 6/30/22
<b>Adj. EBITDA reconciliation</b>					
Net income (loss)	(\$1.8)	(\$9.1)	(\$12.6)	\$1.5	(\$22.0)
Income tax expense (benefit)	(2.7)	(0.1)	0.5	0.1	(\$2.2)
Depreciation and amortization	18.4	18.5	18.9	19.2	\$74.9
Interest expense, net of interest income and other	11.6	11.0	9.3	8.2	\$40.0
<b>1</b> Loss on extinguishment and modification of debt	0.0	0.0	8.5	0.0	\$8.5
<b>2</b> Write-downs and other	0.2	1.8	0.1	0.3	\$2.4
<b>3</b> Other adjustments	0.2	2.2	0.1	0.3	\$2.9
<b>4</b> Other non-cash charges	2.0	2.1	2.2	2.1	\$8.5
<b>5</b> Non-cash stock compensation	4.0	5.8	5.8	2.4	\$18.0
<b>Adjusted EBITDA</b>	<b>\$31.9</b>	<b>\$32.3</b>	<b>\$32.8</b>	<b>\$34.1</b>	<b>\$131.1</b>

(\$ in mm)

	Q3 '22	Q4 '22	Q1 '23	Q2 '23	LTM 6/30/23
<b>Adj. EBITDA reconciliation</b>					
Net income (loss)	\$0.5	\$2.5	(\$0.3)	\$0.9	\$3.5
Income tax expense (benefit)	(1.9)	(0.9)	(1.2)	0.5	(\$3.5)
Depreciation and amortization	19.0	18.5	19.1	18.6	\$75.3
Interest expense, net of interest income and other	10.4	11.8	13.3	13.7	\$49.3
<b>2</b> Write-downs and other	1.4	0.1	0.2	0.4	\$2.1
<b>3</b> Other adjustments	0.6	1.2	0.4	0.0	\$2.3
<b>4</b> Other non-cash charges	2.2	2.6	2.5	2.5	\$9.7
<b>5</b> Non-cash stock compensation	2.3	1.3	2.5	2.9	\$9.2
<b>Adjusted EBITDA</b>	<b>\$34.5</b>	<b>\$37.3</b>	<b>\$36.5</b>	<b>\$39.6</b>	<b>\$147.8</b>

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5

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# 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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