

Q4 2023 Investor Update

March 2024



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Q4 2023 Highlights

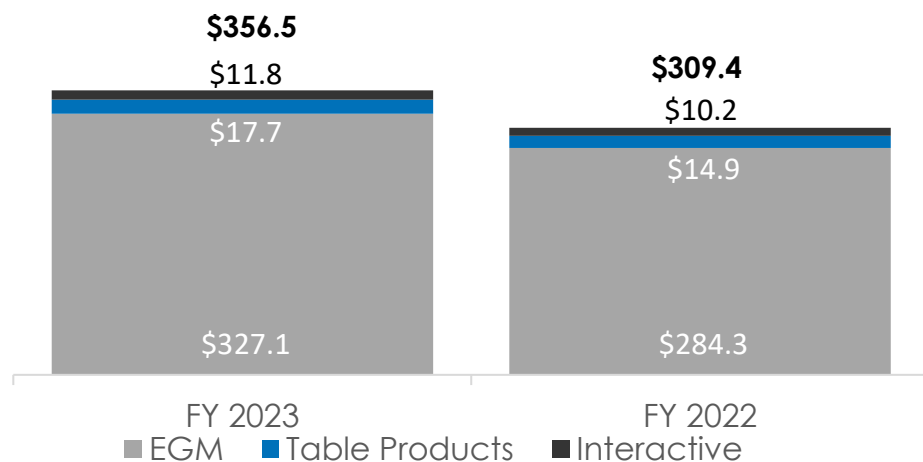
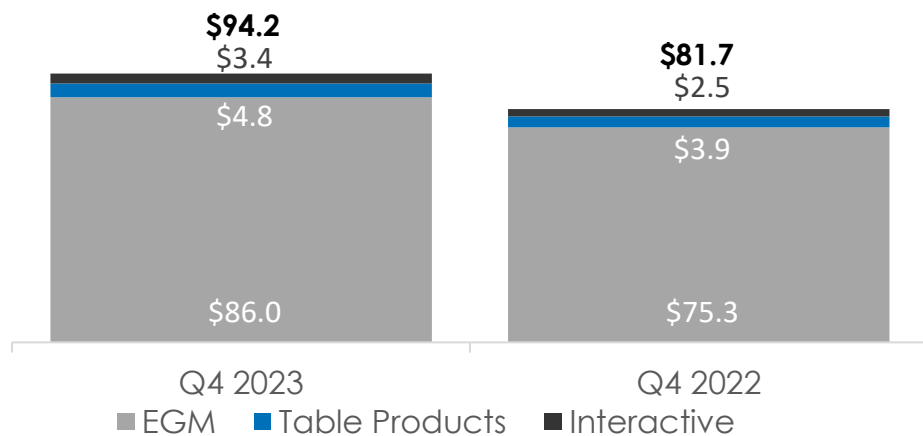
- Total revenue increased 15% y/y to a record \$94.2 million; eleventh consecutive quarter of double-digit y/y growth
- Global EGM sales reached a record 1,519 units; up by over 30% y/y for the third straight quarter
- Table Products revenue surged 24% y/y to a new record; supported by accelerating *PAX S* demand
- Interactive revenue grew more than 30% y/y to a record \$3.4 million; up 8% versus Q3 2023
- Income from operations increased 19% y/y to \$16.0 million; Net Income totaled \$67 thousand
- Total Adjusted EBITDA advanced to a record \$42.8 million; Total Adjusted EBITDA Margin exceeded 45%
- Cash from operating activities totaled \$26.4 million; Free Cash Flow topped \$10 million for the third quarter in a row
- Net leverage fell to 3.2x at quarter end; targeting year end 2024 net leverage in the range of 2.75x to 3.00x



Financial Performance

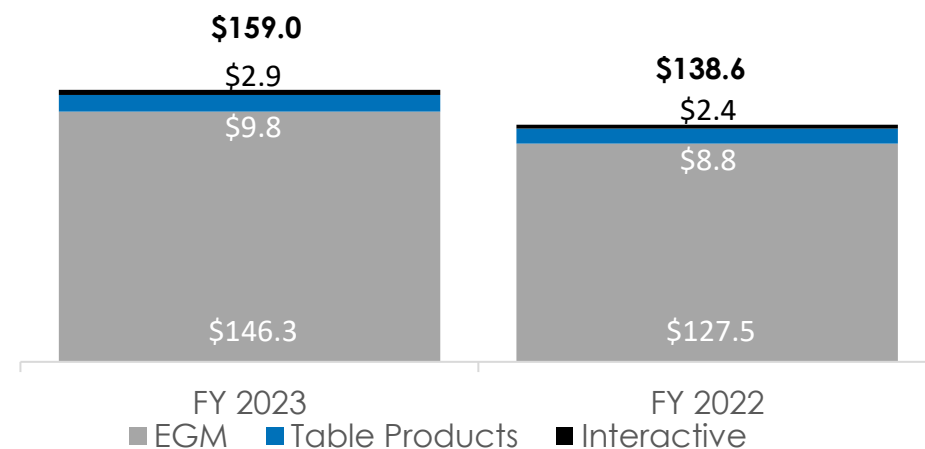
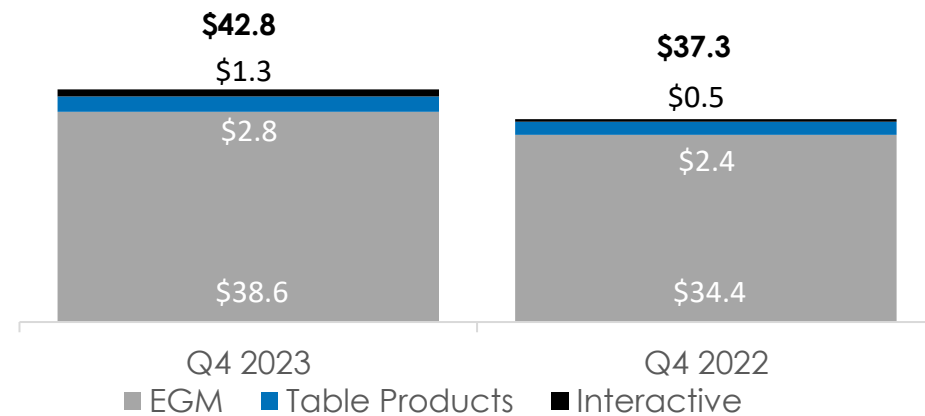
(\$ in mm)

REVENUE



(\$ in mm)

ADJUSTED EBITDA



EGM Segment

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

EGM	Q4 2023	Q4 2022	% Change
Gaming operations revenue	\$ 52,290	\$ 51,207	2%
Equipment sales revenue	33,662	24,131	39%
Total revenues	\$ 85,952	\$ 75,338	14%
Adjusted EBITDA	\$ 38,626	\$ 34,412	12%
Domestic installed base	16,443	16,326	1%
International installed base	6,126	6,244	-2%
Total installed base	22,569	22,570	0%
Domestic revenue per day	\$ 31.68	\$ 31.46	1%
International revenue per day	\$ 8.86	\$ 7.61	16%
Total revenue per day	\$ 25.47	\$ 24.87	2%
Total EGM units sold	1,519	1,116	36%
Average sales price	\$ 20,677	\$ 19,382	7%

- Global EGM sales increased 36% year-over-year to a record 1,519 units; growth topped 30% for the third consecutive quarter
- Average sales price was \$20,677, up 7% year-over-year; reflects the superior pricing we have been able to command on our high-performing *Spectra* family of cabinets and continued implementation of our price integrity initiatives
- Domestic EGM gaming operations revenue increased approximately 1% year-over-year to a fourth quarter record \$47.2 million
- Domestic EGM RPD increased approximately 1% year-over-year to a fourth-quarter record \$31.68; exceeded \$30 for the eleventh consecutive quarter
- Domestic EGM installed base expanded to 16,443 units at quarter end; an increase of 117 units versus the prior year and up sequentially for the seventh consecutive quarter
- Premium EGM footprint increased 15% year-over-year and accounted for over 17% of our domestic EGM installed base at quarter end compared to approximately 15% at the end of Q4 2022
- International EGM gaming operations, or recurring revenue, totaled \$5.1 million, up 16% versus the \$4.4 million delivered in Q4 2022; International EGM RPD reached a Q4 records \$8.86

Table Products and Interactive Segments

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

Table Products	Q4 2023	Q4 2022	% Change
Gaming operations revenue	\$ 3,936	\$ 3,691	7%
Equipment sales revenue	893	199	349%
Total revenues	\$ 4,829	\$ 3,890	24%
Adjusted EBITDA	\$ 2,842	\$ 2,370	20%
Table Products installed base	5,415	5,051	7%
Average monthly lease price	\$ 239	\$ 241	-1%

(\$ in thousands)

Interactive	Q4 2023	Q4 2022	% Change
Gaming operations revenue	\$ 3,370	\$ 2,508	34%
Adjusted EBITDA	\$ 1,292	\$ 498	159%

- Total revenue increased 24% year-over-year to a record \$4.8 million
- Gaming operations revenue grew 7% year-over-year to a record \$3.9 million; equipment sales revenue reached a record \$893 thousand;
- Adjusted EBITDA increased 20% year-over-year to a record \$2.8 million; Adjusted EBITDA margin remained strong at 58.9%
- The *PAX S* specialty game card shuffler footprint surpassed 330 units at the end of Q4 2023, with units live in over 65 unique casinos across more than 20 states and provinces
- The *Bonus Spin Xtreme* progressive installed base increased by over 30% year-over-year and approximately 5% sequentially to 530 units; exiting Q4 2023, *BSX* was installed in over 50 casinos across nearly 20 jurisdictions
- At quarter end, we were live with over 20 *AGS Arsenal* site licenses across a variety of tribal and commercial end markets; additional *Arsenal* activations scheduled for Q1 2024
- Segment revenue increased 34% year-over-year and 8% sequentially to a record \$3.4 million
- North American-sourced revenue accounted for over 90% of Q4 2023 RMG revenue mix; PA, MI and CAN were our highest revenue generating end markets
- Adjusted EBITDA more than doubled year-over-year to a record \$1.3 million; up by over 40% versus Q3 2023
- AGS achieved a top-five overall slot index ranking in the February 2024 *Eilers-Fantini Online Game Performance Report* for the fourth consecutive month; "New" games ranked second overall within the *Eilers* report
- Over 10 new customers activated in Q4 2023; successfully launched first-ever "online first" title, *Double Shamrock*

Balance Sheet and Cash Flow Highlights

- Total available liquidity, as of December 31, 2023, was approximately \$90 million, inclusive of \$40 million of availability under the Company's undrawn revolving credit facility
- Total Net Debt Leverage Ratio, as of December 31, 2023, was 3.2x, down from 3.8x at December 31, 2022
- We expect to exit 2024 with Net Leverage in the range of 2.75x to 3.00x
- Q4 2023 capital expenditures totaled approximately \$15 million; full year 2023 capital expenditures totaled approximately \$62 million
- We expect to incur full year 2024 capital expenditures of \$65 million to \$70 million, inclusive of anticipated capitalized R&D expenditures
- Q4 2023 cash interest expense was approximately \$14 million; full year 2023 cash interest was just under \$54 million
- On February 5, 2024, we successfully completed a repricing of our term loan credit facility, reducing the interest rate spread applied to our term loan borrowings by 35 basis points; also elected to voluntarily repay \$15 million of our total debt outstanding at the time of the repricing
- Q4 2023 Free Cash Flow reached \$11.0 million, pushing full year 2023 free cash flow to approximately \$27 million; we expect full year 2024 Free Cash Flow to increase by 25% or more year-over-year, with material positive Free Cash Flow in all four quarters



Liquidity and Leverage

	12/31/2023	12/31/2022	Maturity
(\$ in mm)			
Senior Secured Term B Loan (SOFR+4.0%)	\$565	\$571	02/15/29
Other	2	1	
Total debt	\$567	\$571	
Less: Cash	(\$51)	(\$38)	
Total net debt	\$516	\$533	
LTM Adjusted EBITDA	\$159	\$139	
Net leverage	3.2x	3.8x	

2024 Outlook

- **Global EGM Product Sales** – Our ability to increase average order size through concurrently delivering a variety of high-performing titles on both *Spectra 43* and *Spectra 49*; further activation of new customers; continued outsized share capture within the growing HHR market; our scheduled back half launch into the mechanical reel and jumbo product verticals; a slightly more robust set of international sales opportunities; and the relatively consistent market-level customer purchasing behavior observed 2024-to-date should allow us to surpass the 3% rate of year-over-year growth currently reflected in the 2024 Wall Street consensus forecast.
- **Global EGM Average Sales Price (“ASP”)** - Supported by the premium pricing we continue to command on our *Spectra* family cabinets and further execution of our price integrity strategies, we believe the \$20,000 level should serve as a good proxy for ASP in 2024.
- **Domestic EGM Revenue per Day (“RPD”) & Domestic EGM Installed Base** – Current Wall Street estimates project full year 2024 market-level gross gaming revenue (“GGR”) to be flat to up 1% year-over-year, with Q1 2024 GGR expected to be down 1 to 2% versus the prior year as a result of weather disturbances in January. We expect to leverage our growing suite of premium EGM products to thoughtfully and consistently expand the mix of higher-yielding premium games within our domestic installed base and utilize the enhanced scale and scope of our core EGM cabinet and content portfolio to further execute upon our continuous installed base optimization strategies. Combined, we believe these mix-driven initiatives should allow us to once again deliver domestic RPD that outperforms relative to the current Wall Street market-level GGR forecast, while also keeping our domestic EGM installed base on a modest long-term growth trajectory.
- **International EGM Gaming Operations Revenue** - We expect our international EGM installed base to remain relatively consistent with year-end 2023 levels, while our ongoing optimization efforts and stable market-level trends should contribute to modest growth in constant currency international EGM RPD for the full year.
- **Table Products Segment** – Unwavering *PAX S* interest and demand, a favorable customer response to the enhanced features and functionality recently added to our *Bonus Spin Xtreme* progressive, targeted jurisdictional expansion opportunities, and a compelling pipeline of *AGS Arsenal* activations should keep our lease revenue stream on a trajectory of consistent and predictable growth. The timing and magnitude of sales revenues related to 2023 new casino opening activity should be kept in mind when putting together segment-level projections for 2024.
- **Interactive Revenue** – The added depth and diversity of our content roadmap, planned new customer and jurisdictional launches, and increasingly effective business development efforts put our Interactive business on a path to delivering the highest level of year-over-year revenue growth amongst our three operating segments, with consistent sequential growth anticipated as we progress throughout the year. As demonstrated over the past several quarters, we expect to flow through a significant portion of the incremental revenues generated in 2024.
- **Adjusted EBITDA Margin** – We expect full year 2024 Adjusted EBITDA Margin to land in the range of 44.5% to 45.5%. The anticipated sale of approximately \$1 million of used *Orion* family units to a distributor in Q1 2024 is likely to produce an Adjusted EBITDA Margin in line with to 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	Q2	Q3	Q4	2023
Revenues by segment															
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	\$81.9	\$86.0	\$327.1
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	4.4	4.8	17.7
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	3.1	3.4	11.8
Total revenue	\$55.4	\$66.8	\$67.3	\$70.2	\$259.7	\$72.9	\$76.6	\$78.3	\$81.7	\$309.4	\$83.2	\$89.8	\$89.4	\$94.2	\$356.5
Adjusted EBITDA by segment															
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	\$36.8	\$38.6	\$146.3
% margin	48.3%	48.1%	47.8%	45.7%	47.4%	45.1%	44.8%	43.7%	45.7%	44.8%	44.5%	44.6%	44.9%	44.9%	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	2.3	2.4	2.8	9.8
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	0.9	1.3	2.9
Total Adjusted EBITDA	\$26.3	\$32.1	\$31.9	\$32.3	\$122.6	\$32.8	\$34.1	\$34.5	\$37.3	\$138.6	\$36.5	\$39.6	\$40.1	\$42.8	\$159.0
% 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%	44.9%	45.4%	44.6%
EGM segment															
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	11,257	11,193	11,193
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	5,167	5,250	5,250
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	16,424	16,443	16,443
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	6,083	6,126	6,126
Total installed base	23,441	23,325	23,663	23,582	23,582	23,112	22,796	22,532	22,570	22,570	22,608	22,542	22,507	22,569	22,569
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	\$32.57	\$31.68	\$32.63
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	\$9.43	\$8.86	\$8.87
Total RPD	\$18.89	\$23.47	\$22.40	\$22.16	\$21.72	\$23.13	\$24.79	\$24.31	\$24.87	\$24.27	\$26.06	\$26.75	\$26.28	\$25.47	\$26.14
Total EGM units sold	289	613	663	815	2,380	955	934	1,014	1,116	4,019	1,121	1,259	1,345	1,519	5,244
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	\$19,380	\$20,677	\$20,117
Table products segment															
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	5,309	5,415	5,415
Avg monthly lease price	\$251	\$254	\$260	\$268	\$258	\$249	\$239	\$243	\$241	\$243	\$230	\$241	\$240	\$239	\$238

Total Adjusted EBITDA Reconciliation

(\$ 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
Loss on extinguishment and modification of debt	8.5	0.0	0.0	0.0	\$8.5
Write-downs and other	0.1	0.3	1.4	0.1	\$1.9
Other adjustments	0.1	0.3	0.6	1.2	\$2.2
Other non-cash charges	2.2	2.1	2.2	2.6	\$9.1
Non-cash stock compensation	5.8	2.4	2.3	1.3	\$11.9
Adjusted EBITDA	\$32.8	\$34.1	\$34.5	\$37.3	\$138.6

(\$ in mm)

Adj. EBITDA reconciliation	Q1	Q2	Q3	Q4	2023
Net income (loss)	(\$0.3)	\$0.9	(\$0.2)	\$0.1	\$0.4
Income tax expense (benefit)	(1.2)	0.5	0.9	1.0	\$1.3
Depreciation and amortization	19.1	18.6	18.9	20.3	\$76.9
Interest expense, net of interest income and other	13.3	13.7	13.7	14.9	\$55.7
Write-downs and other	0.2	0.4	(0.0)	0.8	\$1.4
Other adjustments	0.4	0.0	1.1	0.5	\$2.1
Other non-cash charges	2.5	2.5	2.5	2.5	\$9.8
Non-cash stock compensation	2.5	2.9	3.1	2.7	\$11.3
Adjusted EBITDA	\$36.5	\$39.6	\$40.1	\$42.8	\$159.0

- **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.
- **Write-downs and other** include items related to loss on disposal or impairment of long-lived assets and fair value adjustments to contingent consideration.
- **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.
- **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.
- **Non-cash stock-based compensation** includes non-cash compensation expense related to grants of options, restricted stock, and other equity awards.

Free Cash Flow Reconciliation

(\$ in mm)

Free Cash Flow reconciliation	Q1	Q2	Q3	Q4	2022
Net cash provided by operating activities	\$7.1	\$27.8	\$17.7	\$25.1	\$77.7
Proceeds from payments on customer notes receivable	0.1	0.0	0.0	1.7	\$1.9
Software development and other expenditures	(3.9)	(6.0)	(5.6)	(5.7)	(\$21.1)
Purchases of property and equipment	(7.7)	(12.7)	(14.1)	(13.6)	(\$48.1)
Free Cash Flow	(\$4.3)	\$9.1	(\$2.0)	\$7.6	\$10.3

(\$ in mm)

Free Cash Flow reconciliation	Q1	Q2	Q3	Q4	2023
Net cash provided by operating activities	\$4.2	\$25.7	\$29.9	\$26.4	\$86.2
Proceeds from payments on customer notes receivable	0.6	2.5	0.0	0.0	\$3.1
Purchase of intangibles	0.0	(0.2)	0.0	0.0	(\$0.2)
Software development and other expenditures	(5.0)	(5.9)	(7.0)	(5.5)	(\$23.4)
Purchases of property and equipment	(8.7)	(9.6)	(10.1)	(9.9)	(\$38.4)
Free Cash Flow	(\$8.9)	\$12.6	\$12.7	\$11.0	\$27.4

Terms Used In This Presentation

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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