



# **Everi Holdings Inc.**

## **Investor Presentation**

**Results of Operations for the period  
ended June 30, 2020**

**NYSE: EVRI**



# SAFE HARBOR DISCLAIMER

## Forward-Looking Statements

This presentation contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the Private Securities Litigation Reform Act of 1995. From time to time, we also provide forward-looking statements in other materials we release to the public, as well as oral forward-looking statements. We have tried, wherever possible, to identify such statements by using words such as “anticipate,” “believe,” “expect,” “intend,” “estimate,” “project,” “may,” “should,” “will,” “likely,” “will likely result,” “will continue,” “future,” “plan,” “target,” “forecast,” “goal,” “observe,” “seek,” “strategy” and other words and terms of similar meaning. Examples of forward-looking statements include, among others, statements we make regarding (a) opportunities for expansion into new markets and categories; (b) our ability to maintain growth; (c) our ability to grow from new customer wins, new property openings and the entrance into new markets combined with new product extensions like QuikTicket; (d) our ability to integrate the products and platforms acquired from Atrient and Micro Gaming Technologies; (e) our positioning for the future; (f) the recurring nature of our revenues; (g) expected key improvements in free cash flow; (h) our expansion into new product categories; (i) our ability to successfully complete and integrate recently acquired businesses and anticipated acquisitions; (j) guidance related to 2020 financial and operational metrics, including Adjusted EBITDA, Free Cash Flow, unit sales of Games units and FinTech equipment, the installed base size and placements, Daily Win per Unit, revenues, the contribution from acquisitions, and anticipated levels of capital expenditures and placement fees, depreciation expense, amortization expense, interest expense, and income tax benefit, including cash tax payments, cash interest payments, non-cash stock compensation expense, accretion of contract rights and net income.

# SAFE HARBOR DISCLAIMER



Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent risks, uncertainties and changes in circumstances that are often difficult to predict and many of which are beyond our control. Our actual results and financial condition may differ materially from those indicated in forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, without limitation, our history of net losses and our ability to generate profits in the future; our substantial leverage and the related covenants that restrict our operations; our ability to generate sufficient cash to service all of our indebtedness, fund working capital, and capital expenditures; our ability to withstand unanticipated impacts of a pandemic outbreak of uncertain duration; our ability to withstand the loss of revenue during the closure of our customers' facilities; our ability to maintain our current customers; our ability to compete in the gaming industry; our ability to execute on mergers, acquisitions and/or strategic alliances, including the timing and closing of acquisitions and our ability to integrate and operate such acquisitions consistent with our forecasts; our ability to access the capital markets to raise funds; expectations regarding our existing and future installed base and win per day; expectations regarding development and placement fee arrangements; inaccuracies in underlying operating assumptions; expectations regarding customers' preferences and demands for future gaming offerings; expectations regarding our product portfolio; the overall growth of the gaming industry, if any; our ability to replace revenue associated with terminated contracts; margin degradation from contract renewals; technological obsolescence; our ability to comply with the Europay, MasterCard and Visa global standard for cards equipped with security chip technology; our ability to introduce new products and services, including third-party licensed content; gaming establishment and patron preferences; our ability to prevent, mitigate or timely recover from cybersecurity breaches, attacks and compromises; the level of our capital expenditures and product development; anticipated sales performance; employee turnover; national and international economic conditions; changes in gaming regulatory, card association and statutory requirements; regulatory and licensing difficulties that we may face; competitive pressures in the gaming and financial technology sectors; the impact of changes to tax laws; uncertainty of litigation outcomes; interest rate fluctuations; unanticipated expenses or capital needs and those other risks and uncertainties discussed in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on March 2, 2020. Given these risks and uncertainties, there can be no assurance that the forward-looking information contained in this presentation will in fact transpire or prove to be accurate. Readers are cautioned not to place undue reliance on the forward-looking statements contained herein, which are based only on information currently available to us and speak only as of the date hereof.

# EVERI: WHO WE ARE

- Innovative gaming technology supplier, operating through two high-value product segments
- Focused on restoring pre-COVID growth momentum

**Games:** A leading developer of imaginative, player-popular, differentiated, and entertaining games, and other gaming services

**FinTech:** The gaming industry's preeminent provider of integrated financial products, information and regulatory compliance software, and player loyalty tools

## Full Year Snapshot - 2019:

- **Adjusted EBITDA<sup>(1)</sup>** : \$137.8 million, up 9%
- **Revenue**: \$283.1 million, up 9%
- **Installed Footprint<sup>(2)</sup>**: 14,711; with DWPU of \$34.52, up 16%
- **Gaming Equipment Unit Sales**: up 9% in 2019



## Full Year Snapshot - 2019:

- **Adjusted EBITDA<sup>(1)</sup>** : \$115.4 million, up 11%
- **Revenue**: \$250.1 million, up 19%
- **Number of Transactions Processed**: 115.6 million, up 7%
- **Value of Transactions Processed**: \$30.6 billion, up 10%



DWPU = Daily Win Per Unit

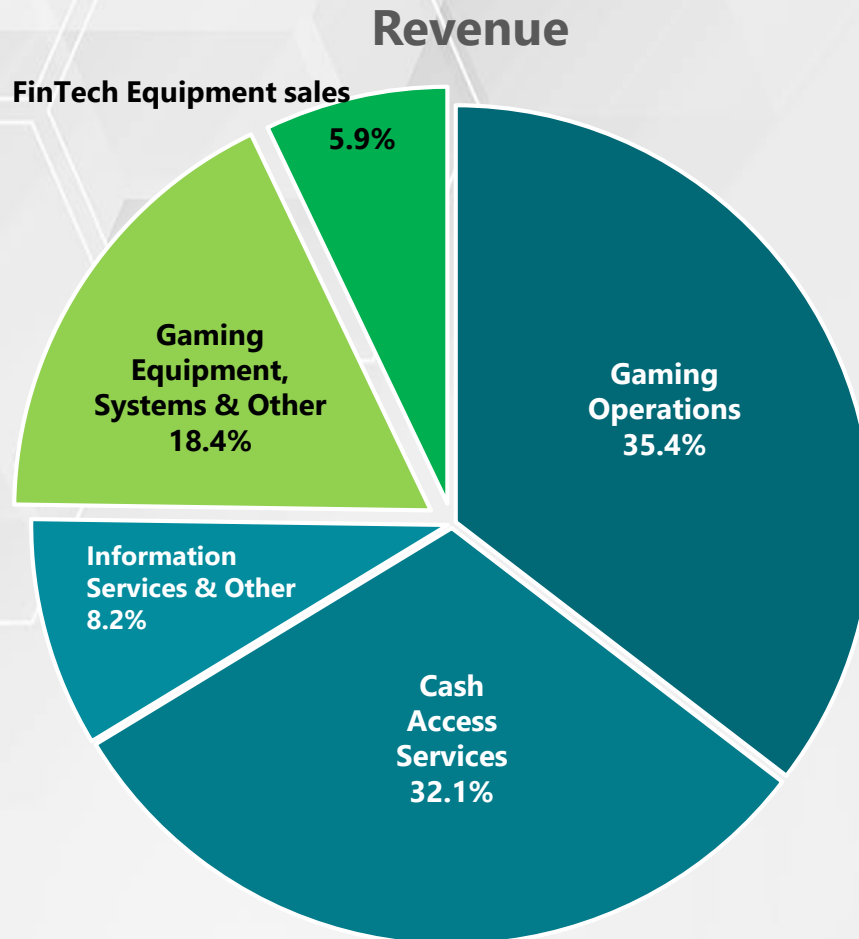
1) Adjusted EBITDA is a non-GAAP measure. Reconciliations to the most directly comparable GAAP measure can be found in the appendix to this presentation. Reconciliations for additional quarterly and annual periods can be found in applicable earnings releases located on Everi's website at [ir.everi.com](http://ir.everi.com).

2) Footprint as of December 31, 2019 and DWPU is for the fourth quarter ended December 31, 2019.



# HISTORICAL RECURRING<sup>(1)</sup> REVENUE BASE

Approximately 75% of 2019 revenues were of a recurring<sup>(1)</sup> nature



**Gaming Operations:** Leased gaming machines generally placed on a shared-revenue basis with casino operators; approximately 30% of the total installed base are units under a multi-year placement contract; all other standard and premium participation units generally remain on casino floors for as long as in-casino performance is acceptable, with periodic game theme updates provided to refresh in-casino performance.

**Cash Access Services:** Revenue earned on transactional activity under multi-year service contracts (typically 3-5 years) with generally sticky long-lasting relationships; average length of Everi's Top 30 customer relationships is 11 years.

**Information Services & Other:** Regulatory compliance, intelligence and player loyalty software and maintenance services are integrated into casinos' daily operations; and generally provided under annual or multi-year agreements.

<sup>(1)</sup> When casinos are open.

# LONG-TERM GROWTH DRIVERS



- **New product roadmap leverages Game Development and FinTech Network**
  - » Grow Gaming Operations leased footprint as well as ship share of for-sale units by expanding portfolio of games and cabinets, and pipeline strength of new differentiated game content
  - » Integrated FinTech product suite features productivity-enhancing cash and cashless patron funding capabilities, loyalty services, self-service Kiosks, and back-of-house compliance software and services that drive casino efficiencies
- **Building a “Digital Neighborhood” with potential to transform gaming experience**
  - » Mobile **CashClubWallet**® app combines cashless funding with player loyalty tracking; facilitates seamless enterprise-wide player use between land-based and online amenities (including iGaming and sportsbook); integrates self-service player use with back-of-house operator processes (e.g. anti-money laundering, know-your-customer and other compliance needs) to enable 360-degree loyalty tracking of player spend, while driving casino operator cost efficiencies
- **iGaming**
  - » Leverage land-based game portfolio and future pipeline with one of industry’s newest Remote Game Server (“RGS”) platforms to grow Digital gaming revenues from iGaming industry expansion
- **Tuck-in acquisitions**
  - » Complementary businesses that can be scaled by leveraging existing resources to generate accretive earnings and cash flow
- **Geographic expansion opportunities**
  - » Majority of business today is derived from the U.S. and Canada

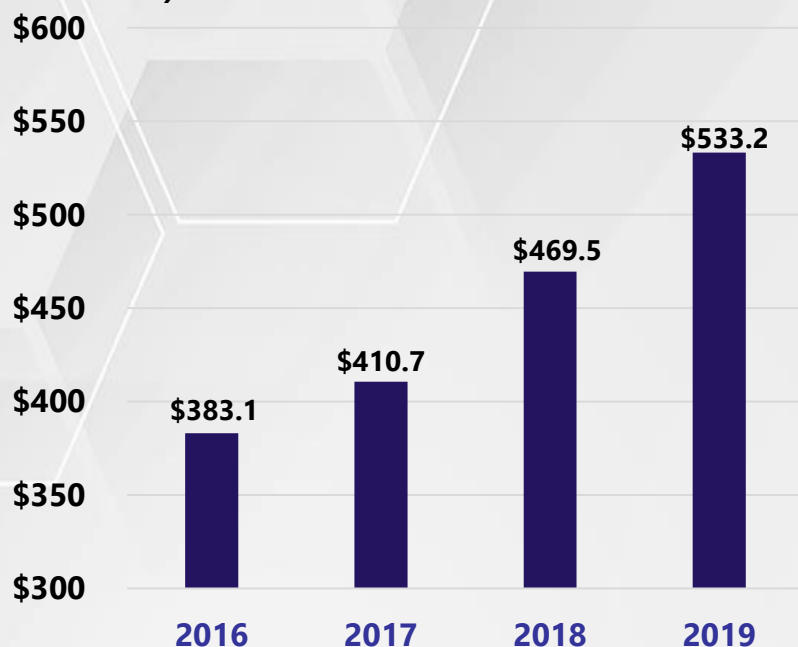


# CONSISTENT LONG-TERM GROWTH

Consistent operating execution, robust product pipeline and strong margins drive steady revenue and Adjusted EBITDA<sup>(1)</sup> growth

## Revenue

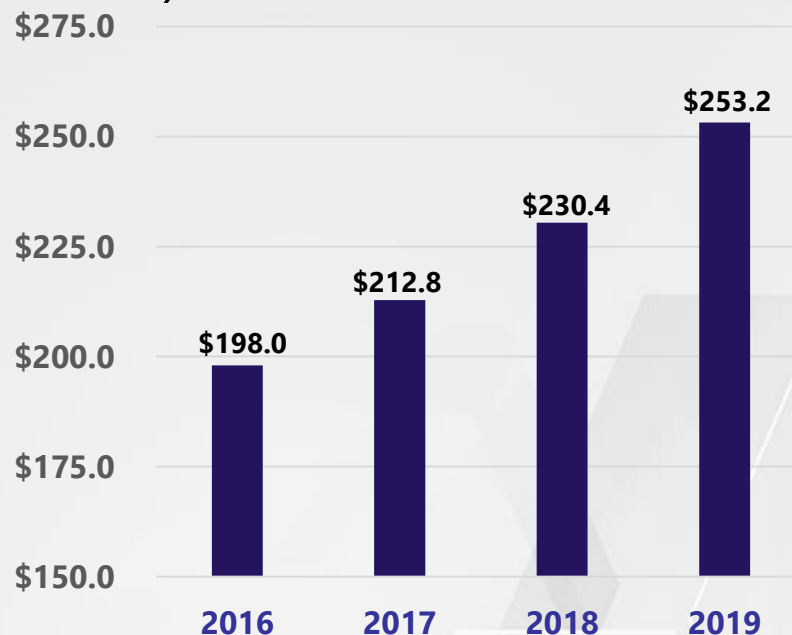
(\$ in millions)



2019 growth of 14% <sup>(2)</sup>

## Adjusted EBITDA <sup>(1)</sup>

(\$ in millions)



2019 growth of 10% <sup>(3)</sup>

1) Adjusted EBITDA is a non-GAAP measure. Reconciliations to the most directly comparable GAAP measure can be found in the appendix to this presentation. Reconciliations for additional quarterly and annual periods can be found in applicable earnings releases located on Everi's website at [ir.everi.com](http://ir.everi.com).

2) Acquisition of accretive player loyalty businesses contributed ~3% of revenue growth in 2019.

3) Margin compression in 2019 reflects business mix of more equipment revenues and higher operating expenses due to acquisitions



# IMPROVED FREE CASH FLOW<sup>(1)</sup>

Over 3.0x Free Cash Flow growth from 2016 to 2019



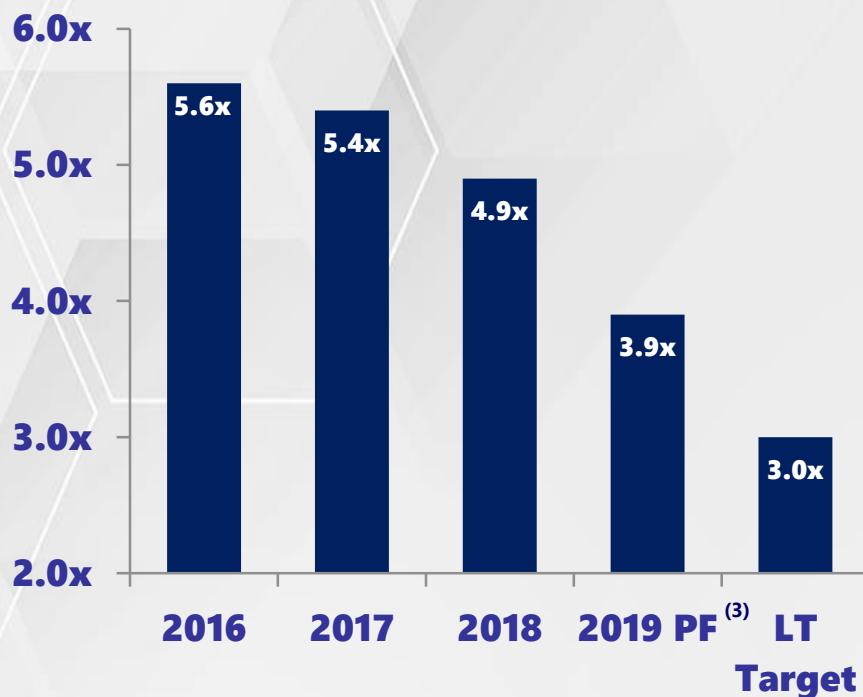
1) Free Cash Flow ("FCF") is a metric used by the Company to estimate the amount of cash generated from the recurring business operations. FCF is a non-GAAP measure. FCF is computed as Adjusted EBITDA less cash interest, cash paid for capital expenditures and placement fees, and cash taxes. A reconciliation of FCF for 2016, 2017, 2018 & 2019 to the most directly comparable GAAP measure for historical periods can be found in the appendix to this presentation.



# CONSOLIDATED TOTAL NET LEVERAGE RATIO<sup>(1)</sup>

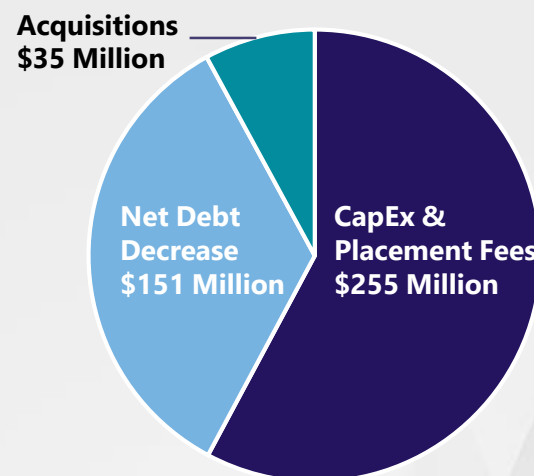


- Company is much stronger today than 2 years ago
- Longer-term target is 3.0x – 3.5x LTM Adjusted EBITDA<sup>(2)</sup>



## Capital Deployment<sup>(4)(5)</sup>

24 months ended 12/31/2019



As provided in the Credit Facility for purposes of the calculation of the Consolidated Total Net Leverage ratio, the Company nets cash and cash equivalents of up to \$50 million against the respective debt outstanding to determine the appropriate Leverage Ratio.

- 1) We define Total Net Debt as total principal face value of debt outstanding, the most directly comparable GAAP measure, less cash and cash equivalents or \$50 million, whichever is smaller. Total Net Debt Leverage Ratio represents Total Net Debt divided by Adjusted EBITDA for the trailing twelve-month period.
- 2) Adjusted EBITDA is a non-GAAP measure. Reconciliations to the most directly comparable GAAP measure can be found in the appendix to this presentation. Reconciliations for additional quarterly and annual periods can be found in applicable earnings releases located on Everi's website at [ir.everi.com](http://ir.everi.com).
- 3) 2019 pro forma includes the \$85 million reduction of senior unsecured notes paid on January 6, 2020.
- 4) Capital Deployment based on \$359 million generated from Net Cash from Operating Activities less Changes in Working Capital plus the net equity raise of \$120 million in December 2019 used to accelerate debt reduction. CapEx & Placement Fees includes \$38 million of Placement Fees, which are essentially paid up. Net Debt decrease includes \$85 million of Notes repurchased as a result of the equity raise that was not paid until January 6, 2020. Cash and cash equivalents also increased during the period.
- 5) In 1H-20, Company drew down its \$35 million revolving credit facility and raised \$118 million net from incremental term loan to provide liquidity cushion in face of COVID-19 pandemic.

# OUR SECRET SAUCE: OUR PEOPLE AND PRODUCTS





# 2Q-2020 QUARTER RESULTS

- Reflects impact of the COVID-19 pandemic and related casino closures
- Better-than-expected financial results
  - Swift actions in March to reduce operating costs to preserve liquidity
  - Steps taken to focus priorities and enhance operational efficiencies
  - Strength of recurring revenue games and FinTech solutions as casinos reopen
    - Active gaming operations units performing at pre-pandemic levels
    - Installed base increased in 2Q-2020, with premium units up 636 units from 1/1/20
    - Same-store cash access transaction volumes only moderately below prior year
    - Increased interest from casino operators for our cashless funding options
- Revenue base and strength driven by tribal and regional casinos, which are generally the faster-growing and less cyclical portion of the Gaming market
- Increased liquidity cushion with \$118 million net from incremental term loan

## CURRENT ENVIRONMENT

- Based on current conditions and performance trends, the Company expects to generate positive Adjusted EBITDA and Free Cash Flow in 3Q-2020 (compared to prior expectation for Free Cash Flow beginning in 4Q-2020)
- Focus is on helping customers and prioritizing innovation and higher-value opportunities
- Favorably positioned to leverage industry leadership in cash access funding and self-service player loyalty products to lead the evolution toward cashless funding

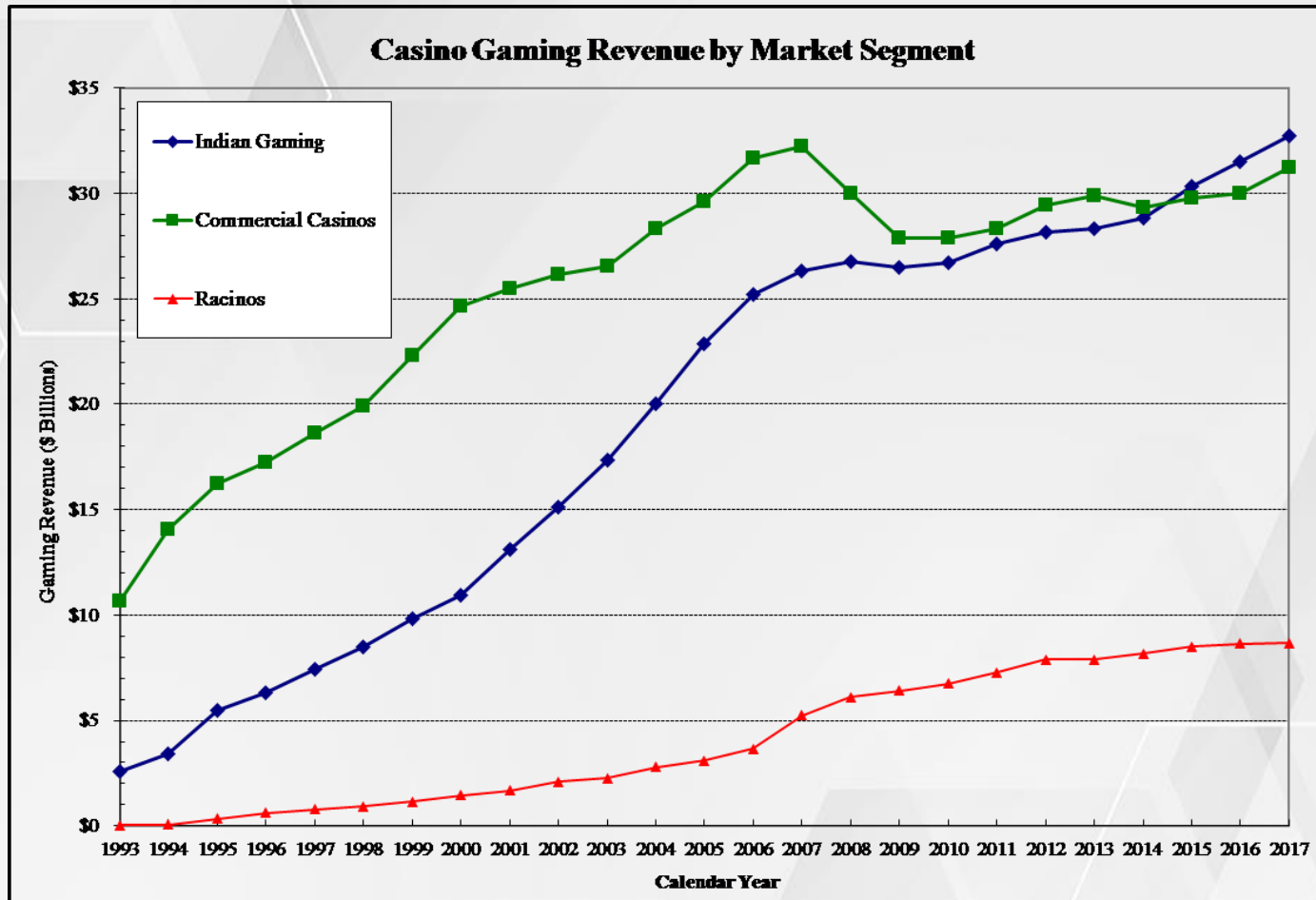


# INDUSTRY OVERVIEW



# U.S. GAMING IS A GROWING MARKET

- Historical strength in Tribal Casinos positions the Company well in the faster-growing and less cyclical portion of the Gaming market
- Increased penetration in Commercial Casinos opens significant potential for growth





# GAMING INDUSTRY IS LARGE AND GROWING



## **US gaming industry does \$75 billion in gross gaming revenue (“GGR”)**

- Tribal gaming revenues increased 4.1% to \$33.7 billion in 2018 over 2017
  - 501 casinos in 2018, up from 474 casinos in 2015
  - Oklahoma tribal reporting region<sup>(1)</sup> increased 5.2% in 2018
- Commercial gaming revenues grew 3.5% to \$41.7 billion in 2018
  - 465 casinos and racinos in 2018, up from 460 in 2015

## **Everi processed more than 115 million financial funding (cash and cashless) transactions in 2019, up 7% Y/Y, providing more than 10 million players with \$30+ billion of cash, up 10% Y/Y**

- Prior to casino closures due to COVID-19 pandemic, 4Q19 was the 21<sup>st</sup> consecutive quarter of growth in the number and value of financial transactions processed on a same-store basis

## **Everi estimates it has ~40,000+ gaming units on casino floors across the U.S. and Canada, an estimated 4% of the total installed units**

- More than 1 million<sup>(2)</sup> gaming machines in the U.S. and Canada
- Includes slot machines, VLTs (Video Lottery Terminals in non-casino venues), and other electronic gaming machines

1) Oklahoma tribal reporting region, as defined by the National Indian Gaming Commission, includes casinos in Oklahoma, Kansas and Texas

2) Eilers and Krejci Gaming, LLC., Slot & Table Count – 4Q19; total units are 1,001,338 units at 12/31/2019, up 20,390 units from 12/31/2016



# EVERI GAMES BACKGROUND



# GAMES FINANCIAL OVERVIEW

2019 revenue up 9% and Adjusted EBITDA up 9%, driven by:

- New product pipeline of differentiated cabinets and high-performing premium games leading to increase in installed base of leased units, DWPU and ship share
- Refresh of aging installed base of third-party units and older proprietary cabinets
- Team-focused game development studios in Austin, Chicago and Reno

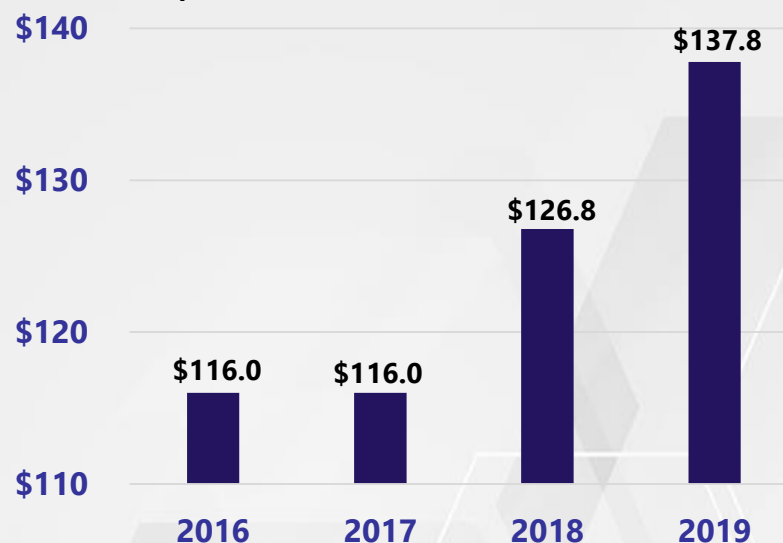
## Revenue <sup>(1)</sup>

(\$ in millions)



## Adjusted EBITDA <sup>(2)</sup>

(\$ in millions)



1) Revenues for all periods presented prior to 2018 are presented on a comparable basis to retrospectively reflect a net versus gross reporting of revenues under ASC 606, adopted January 1, 2018, which primarily impacts the Company's Financial Technology Solutions business.

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# GAMES THAT MAKE CUSTOMERS LOOK GOOD

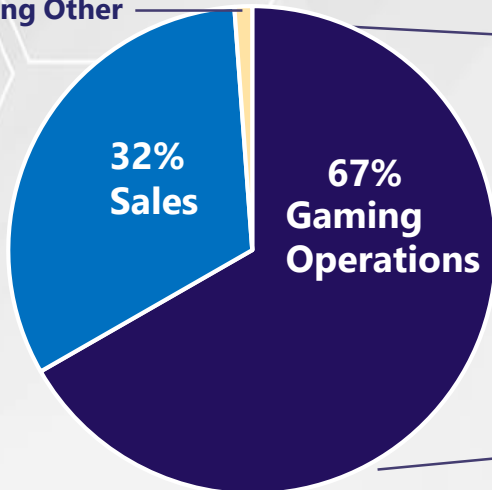


**Everi Games** generates revenues: 1) from **sales** of gaming machines to commercial and tribal casino operators, 2) in **gaming operations** through placement of recurring revenue gaming machines on casino floors, as the operator of New York State's video lottery terminal ("VLT") central system and from digital iGaming, and 3) **gaming other**, which primarily includes operating the *TournEvent of Champions*®, the gaming industry's largest annual slot tournament

## Games Revenues

\$283.1 million in 2019

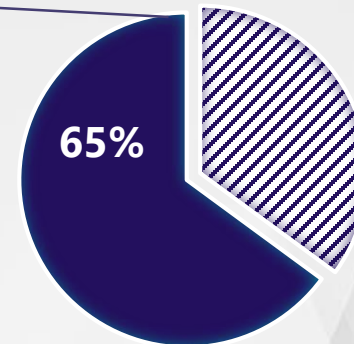
Gaming Other



- Gaming Operations
- Gaming Equipment and Systems
- Gaming Other (primarily from operating the *TournEvent of Champions*®)

## Premium Units Driving Growth

14,711 units at 12/31/2019



35%  
Premium Units

As of 2Q-2020 Installed Base rose to 14,938 units, with Premium Units increasing to 39% of the total base

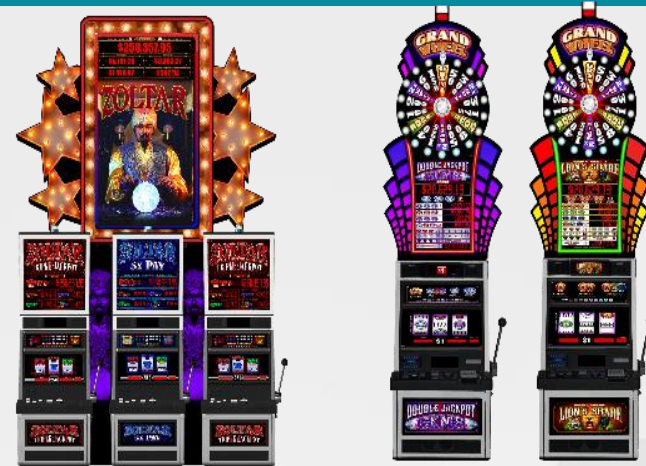
# STRONG PRODUCT PORTFOLIO...

Expanding product portfolio with increased content depth and development pipeline provides opportunities for growth with existing customers and expansion into new markets and categories

## Premium Leased Video



## Premium Leased Mechanical



## Standard

### Video



(1)

### Mechanical



## TournEvent®



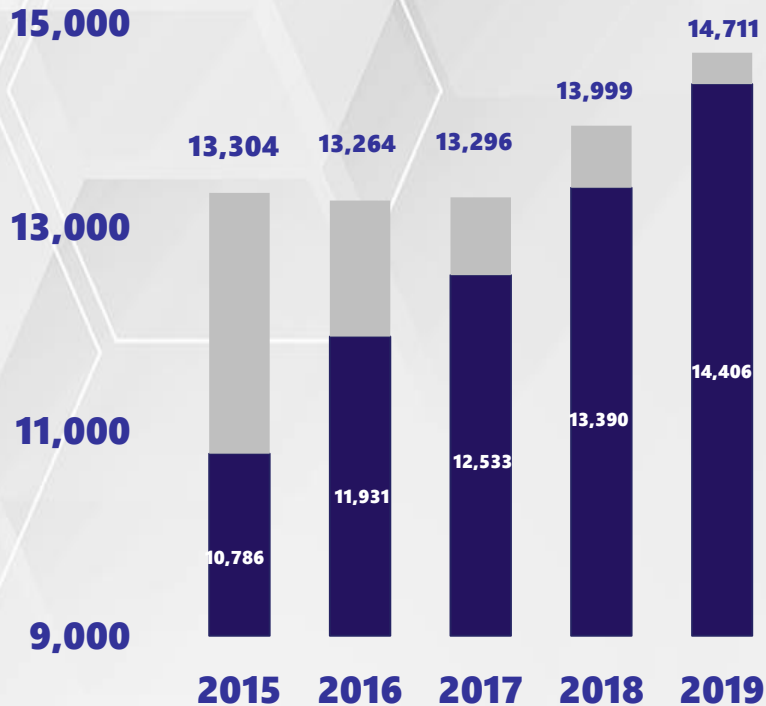
(1) New *Empire Flex™* cabinet launched with first casino shipments in early 2020.



# ...DRIVES MEANINGFUL GROWTH

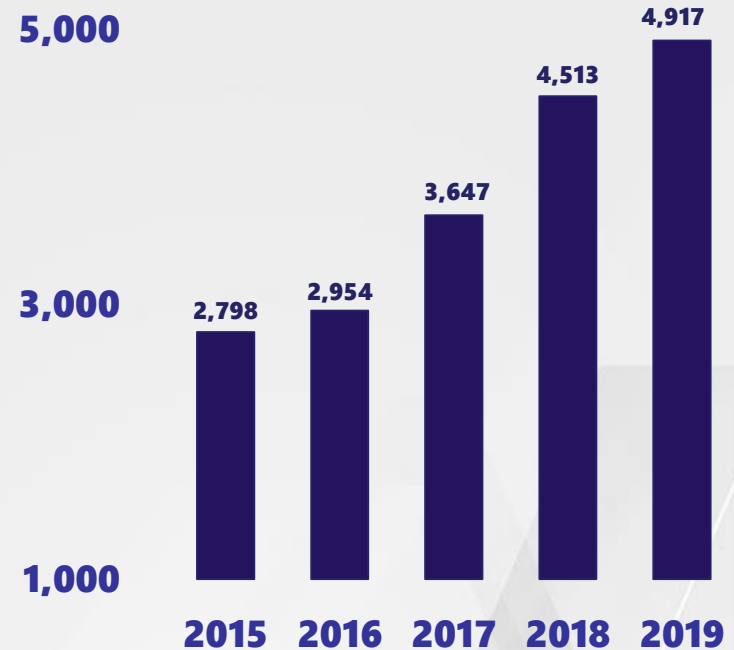


## GAMING OPERATIONS PROPRIETARY UNITS AND TOTAL INSTALLED BASE<sup>(1)</sup>



*Installed base increased to 14,938 units as of 6/30/20, with Daily Win per Unit (up 16% in 2019) down in 2020 due to the pandemic that closed casinos*

## UNIT SALES



*Unit Sales and Ship Share increased in 2019, but shipments are down in 2020 industry wide due to the pandemic impact*

1) Proprietary units exclude 3rd Party Class III units: 2,554 units at Y/E 2015, 1,333 units at Y/E 2016, 763 units at Y/E 2017, 609 units at Y/E 2018 and 305 units at Y/E 2019. Prior to the acquisition, Multimedia Games Holding Company distributed and leased non-proprietary Class III games from other suppliers.

# EVERI DIGITAL

## Leveraging Everi's success in land-based casino games and game development to distribute its content into the rapidly expanding online iGaming market channel

- Using its remote game server ("RGS"), Everi connects its gaming content directly or through third-party aggregators to real money gaming and social gaming operators. iGaming operators combine Everi games content with other suppliers' content to provide online players with access to a broad portfolio of casino games
- Launched real-money games in New Jersey in 2Q-2019 with 6 initial themes to a single online operator; expanded into Pennsylvania in 4Q-2019 and Quebec in 2Q-2020. Today, Everi offers more than 25 games to operators and is live at 19 sites plus additional sites through content aggregators, with further online site installations in multiple states pending.
- Live at 40+ online operators' free-for-play sites with social-only content

Everi also maintains a small online presence through two social (free-to-play) casino apps in a direct-to-consumer mobile and desktop platform





# EVERI FINTECH BACKGROUND



# FINTECH FINANCIAL OVERVIEW



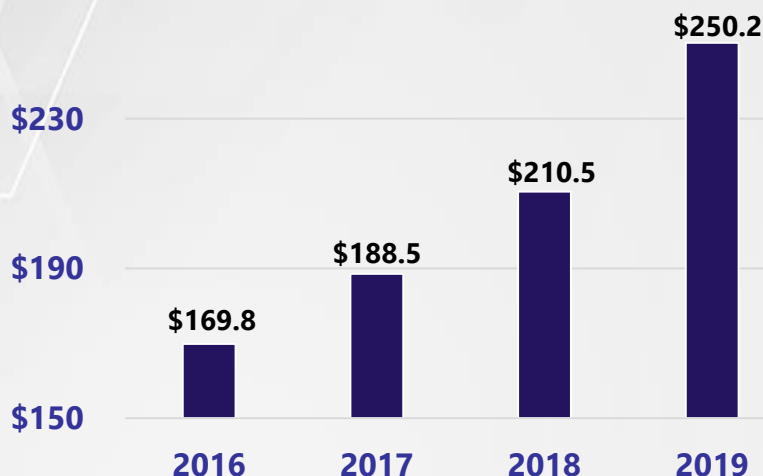
2019 revenue up 19% and Adjusted EBITDA up 11%, driven by:

- Same-store increases in cash and cashless funding transactions and volume
- Winning of new customers and casino expansions
- Cross-selling opportunities between funding access, regulatory compliance products, player loyalty, and other products and services (integration benefits offer customer efficiencies)
- Introduction of innovative new products: *EveriCares*®, *QuikTicket*®, *JackpotXpress*®
- Acquisition of accretive player loyalty businesses contributed ~8% to revenue growth in 2019

## Revenue <sup>(1)</sup>

(\$ in millions)

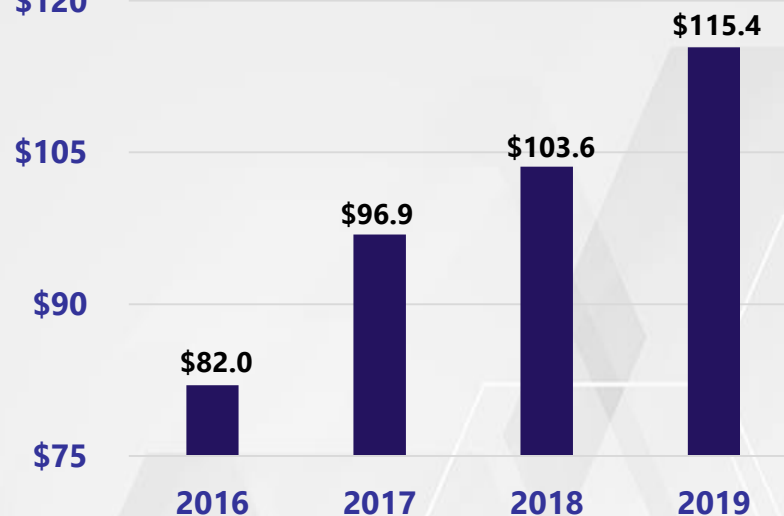
\$270



## Adjusted EBITDA <sup>(2)</sup>

(\$ in millions)

\$120



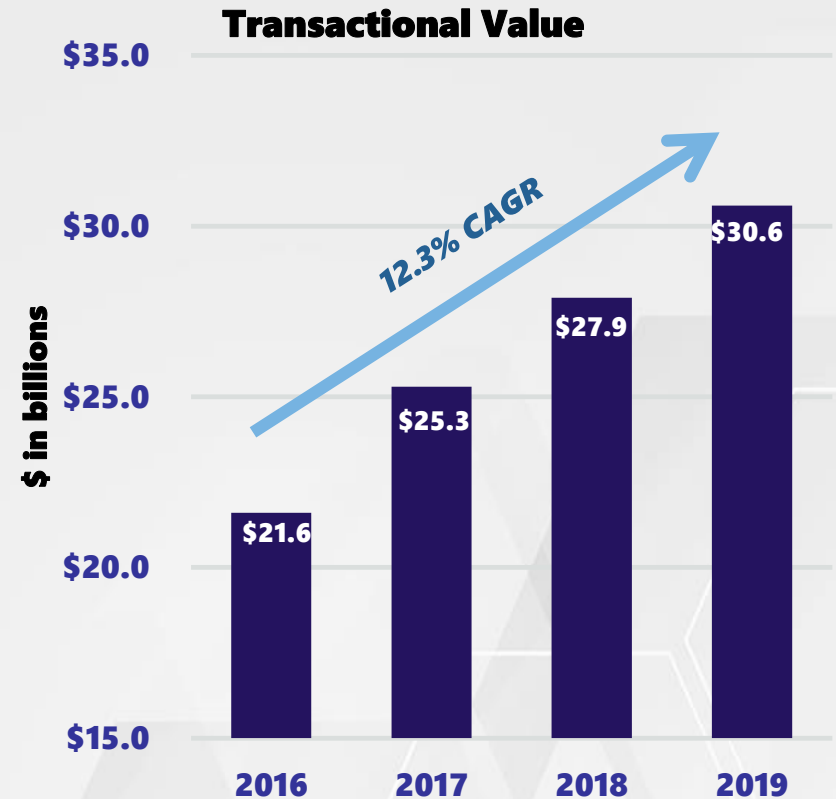
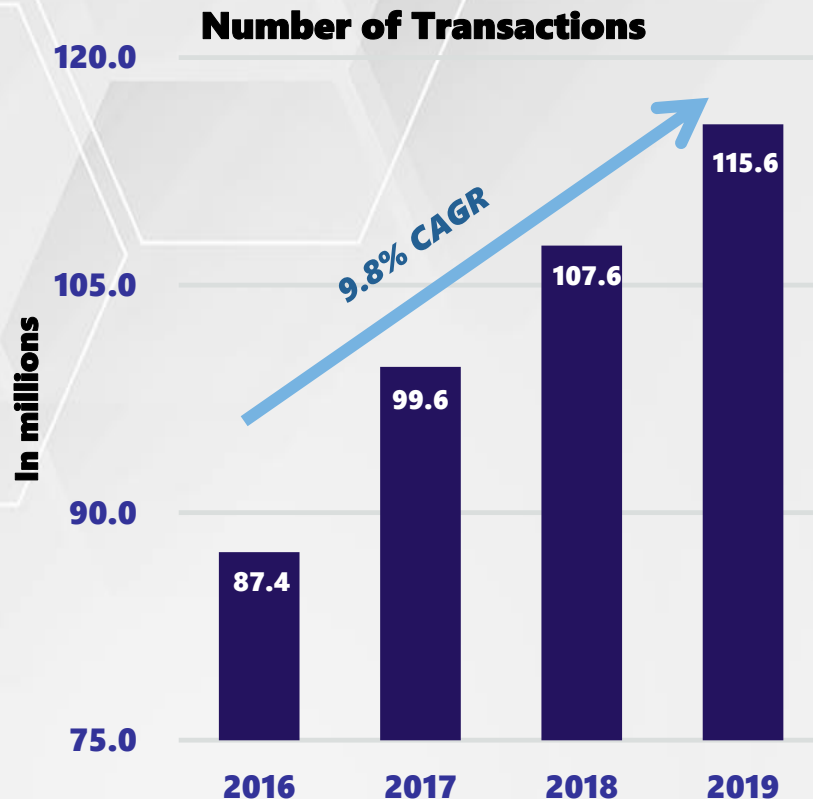
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# TRANSACTION GROWTH



- Steady cash and cashless growth driven by new customer wins, new property openings, entrance into new markets, introduction of new product extensions like *QuikTicket*<sup>®</sup>, and addition of new transaction types like *American Express* and dynamic currency conversion
- 4Q-2019 was 21st consecutive quarter of year-over-year growth in financial transactions and value processed on a same-store locations basis



1H-2020 transactions and value processed were down year over year as a result of the pandemic and related casino closures





# GAMING'S COMPREHENSIVE FINTECH SUPPLIER

- Offers a comprehensive suite of self-service patron convenient products and services that deliver cost efficiencies to casino operators
- Generates more cash to the floor from fully integrated products and innovative functionality
- Provides back-of-house applications and tools that allow operators to maintain the highest levels of compliance with AML, Know-Your-Customer and other regulatory demands
- Operates a highly secure, proven and trusted network



# INDUSTRY WINNING PRODUCTS AND SERVICES



A comprehensive interconnected suite of financial technology, regulatory compliance and player loyalty services and solutions integrated into casinos' core operations, often featuring casino patron self service

## Cash and Cashless Patron Funding

### Debit

- Debit card, cash advance and ATM cash dispensing withdrawals
- Cashless purchases of gaming vouchers through debit card transactions

### Cash Advance

- Cash advances through credit or debit card transactions

### Check Services

- Provides warranty service on casino check acceptance and facilitates patron self-service check cashing

## Compliance, Player Loyalty and Other Services

- Player Loyalty – software solutions to enable casino operators to tailor marketing promotions to their patrons
- Compliance – suite of software offerings equipping casinos with reporting and compliance tools
- Central Credit – credit bureau with tools enabling operators to make informed decisions on issuance of gaming credit
- Kiosk and equipment maintenance and support under recurring annual agreements



## Kiosks and Other Equipment



- Self-service fully integrated Kiosks that enable patrons to access cash and cashless funding and engage with casino loyalty systems
- Kiosk machines that enable streamlined cash handling and financial transaction processing



## Comprehensive Solutions

### Gaming Operators

- Cash & Cashless Funding
- Customer Identification
- Credit Check
- Tax Form Generation
- AML Management
- Cash Handling
- Credit Management
- Compliance Tools
- Target Marketing

### Patrons

- Card Transactions
- Balance Inquiry / Transfer
- Redeem Winnings
- Check Cashing
- Break Bills
- Request Gaming Credit
- Currency Conversion
- Digital Wallet
- Loyalty Programs

# PLAYER LOYALTY & MARKETING



- March 2019 and December 2019 accretive and strategic acquisitions added complementary products, platforms and technologies focused on supporting operators needs for player loyalty enrollment and marketing/promotional software and self-service kiosks
- Enables seamless connections between casinos' loyalty programs and their patrons
- Product and service portfolio is highly complementary to FinTech portfolio, expanding Everi's one-stop shop of comprehensive integrated offerings
- Expands interaction with gaming patrons and increases customer footprint, while deepening relationships with key customers
- Supplements current future-facing FinTech solution offering
  - » *CashClub Wallet*® integration allows for combination of mobile cashless funding and payments with a promotion engine
  - » Opportunity to enhance existing touch points (i.e. fully integrated kiosks) to utilize newly acquired functionality
  - » Mobile app provides convenient on-the-go access for casino patrons



## Promotional Kiosks

- Drawings
- Promotions
- Incentives



## Card Printing Kiosks

- Enroll Patrons
- Reprint Club Cards
- Update Contact Information



# ROADMAP FOR CASHLESS GAMING



- Company facilitated more than 115 million funding transactions in 2019, which delivered \$30+ billion of cash to casino floors
- Cash access funding positions Everi to drive industry evolution towards cashless/contactless solutions
- Expect adoption of cashless and contactless funding solutions to grow, while casino floor funding likely to remain focused on existing solutions near-term
- Product suite, built around *CashClub Wallet*® mobile app, includes solutions already live and those expected to launch in coming quarters
  - *CashClub Wallet*® mobile app
    - Digital white-labeled enterprise-wide app
    - Expected to be live with customers by 2020 year-end
    - Enhanced patron experience enabled thru players access to funds (cash or cashless) when they want, how they want and where they want
  - Everi mobile wallet with gaming voucher
    - Ready for deployment in 3Q-2020
    - Extends functionality of existing *QuikTicket*® gaming voucher platform





# ENTERPRISE-WIDE DIGITAL CASHCLUB WALLET® APP



Low Staff Impact

Cashless & Touchless



Self Service



Fast & Cost Effective Delivery

Online Sports Betting

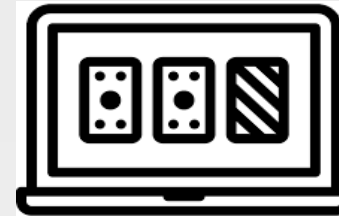


On Premise



Loyalty Offers

Online



iGaming

Enables One-Source Bi-Directional Funding

**CashClub®  
Wallet  
Ecosystem**

Seamless Bridge of Front & Back of House



**Security**

- PCI & Data Security
- PII & Data Privacy



**Responsible Gaming**

- Self Exclusion
- Velocity Limits (Geography & Duration)
- Merchant

- Provides compelling patron experience
- Offers operator cost efficiencies and 360° patron tracking
- Prospects for more transaction activity and new revenues



**Compliance**

- Know Your Customer (KYC)
- Anti-Money Laundering (AML)
- Tax & Compliance



**Regulation**

- Banking
- Gaming
- Payments



# A VISION FOR END-TO-END CUSTOMER CAPTURE



# INVESTMENT SUMMARY



1

## ROBUST BASE OF HISTORICALLY RECURRING REVENUE

- Approximately 75% of 2019 revenue is historically of a recurring nature
- Sticky 3-5 year cash access service contracts; average life of the relationship with our Top 30 customers is 11 years
- Regulatory compliance and player loyalty subscription services integrated into casinos operating protocols
- As of 6/30/2020, 14,938 installed games on a fixed fee or revenue share lease - 39% premium units that are driving improvements in DWPU
- Agreement to provide central determinant system to NY Lottery's over 17,000 VLTs renewed for additional 10 years

2

## SUSTAINABLE LONG-TERM GROWTH DRIVERS

- High performing premium game performance and new product launches driving market share growth
- FinTech segment growth opportunities include potentially a game-changing digital wallet, as well a high-value loyalty products
- Whitespace opportunity exists to drive market share in both commercial and tribal gaming, as well as in online markets
- Additional tuck-in acquisition opportunities
- International expansion opportunities

3

## GROWTH POTENTIAL OF GAMING UNITS AND TRANSACTIONAL VALUE

- Strong portfolio of proprietary and branded Class II and Class III games, three new cabinets launched in early 2020
- More than 60% of our fully integrated Kiosk placements are already at least 3 years old, which is expected to drive ongoing replacement sales
- Gaming equipment quarterly ship shares and floor share of new casino openings are higher than historical levels
- Number of financial transactions and value processed continue to grow on a same-store basis (when casinos are open and active)

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## HIGH-VALUE PRODUCTS AND SERVICES FOR GAMING OPERATORS

- Offers casino operators a comprehensive, high-value, expanding portfolio of game content, gaming devices, financial technology solutions, regulatory compliance, and player loyalty tools that drive revenue and cost efficiencies

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## STRONG FREE CASH FLOW<sup>(1)</sup>

- Games segment capital investments have improved capital efficiency and incremental cash flow
- Targeted capital expenditure for premium game installations drives strong operating results
- Over 3.0x Free Cash Flow<sup>(1)</sup> growth between 2016 and 2019.
- Company had been on a track of reducing total debt prior to the onset of the pandemic, with a longer-term target of 3.0x – 3.5x. To augment its near-term liquidity, Everi completed a \$125 million incremental term loan in April 2020 under its existing Senior Secured Credit Facility.

1) Free Cash Flow ("FCF") is a metric used by the Company to estimate the amount of cash generated from the recurring business operations. This is a non-GAAP measure. FCF is computed as Adjusted EBITDA less the sum of cash interest expense, cash paid for capital expenditures and placement fees, and net cash taxes. A reconciliation of FCF for 2016, 2017, 2018 and 2019 to the most directly comparable GAAP measure can be found in the appendix to this presentation. 30



# APPENDIX



# NON-GAAP FINANCIAL MEASURES



## Non-GAAP Financial Information

In order to enhance investor understanding of the underlying trends in our business, our cash balance and cash available for our operating needs, and to provide for better comparability between periods in different years, we are providing in this presentation Adjusted EBITDA, Free Cash Flow, Net Cash Position and Net Cash Available, and Total Net Debt and Total Net Debt Leverage Ratio, which are not measures of our financial performance or position under United States Generally Accepted Accounting Principles ("GAAP"). Accordingly, Adjusted EBITDA and Free Cash Flow should not be considered in isolation or as a substitute for measures prepared in accordance with GAAP. These measures should be read in conjunction with our net earnings, operating income, basic and diluted earnings per share, and cash flow data prepared in accordance with GAAP. With respect to Net Cash Position and Net Cash Available, these measures should be read in conjunction with cash and cash equivalents prepared in accordance with GAAP. Total Net Debt and Total Net Debt Leverage Ratio should be read in conjunction with principal face value of debt outstanding and cash and cash equivalents.

We define Adjusted EBITDA as earnings (loss) before interest, taxes, depreciation and amortization, loss on extinguishment of debt, non-cash stock compensation expense, accretion of contract rights, write-down of assets, litigation accrual, employee severance costs and other expenses, foreign exchange loss, asset acquisition expense, non-recurring professional fees, other one-time charges and the adjustment of certain purchase accounting liabilities. We present Adjusted EBITDA as we use this measure to manage our business and consider this measure to be supplemental to our operating performance. We also make certain compensation decisions based, in part, on our operating performance, as measured by Adjusted EBITDA; and our current credit facility and existing senior unsecured notes require us to comply with a consolidated secured leverage ratio that includes performance metrics substantially similar to Adjusted EBITDA.

Everi defines Free Cash Flow as Adjusted EBITDA less cash paid for interest, cash paid for capital expenditures, cash paid for placement fees, and cash paid for taxes net of refunds. We present Free Cash Flow as a measure of performance and believe it provides investors with another indicator of our operating performance. It should not be inferred that the entire Free Cash Flow amount is available for discretionary expenditures.

Everi defines (i) Net Cash Position as cash and cash equivalents plus settlement receivables less settlement liabilities and (ii) Net Cash Available as Net Cash Position plus undrawn amounts available under our revolving credit facility. We present Net Cash Position because our cash position, as measured by cash and cash equivalents, depends upon changes in settlement receivables and the timing of payments related to settlement liabilities. As such, our cash and cash equivalents can change substantially based upon the timing of our receipt of payments for settlement receivables and payments we make to customers for our settlement liabilities. We present Net Cash Available as management monitors this amount in connection with its forecasting of cash flows and future cash requirements.

Everi defines Total Net Debt as total principal face value of debt outstanding, the most directly comparable GAAP measure, less cash and cash equivalents or \$50 million, whichever is smaller. Total Net Debt Leverage Ratio, as used herein, represents Total Net Debt divided by Adjusted EBITDA for the trailing twelve-month period. We present Total Net Debt and Total Net Debt Leverage Ratio as management monitors these items in evaluating our overall liquidity, financial flexibility and leverage, as well as our financial position relative to our credit agreements. Management believes that investors find these useful in evaluating the Company's overall liquidity.



# UNAUDITED RECONCILIATION OF NET (LOSS) INCOME TO ADJUSTED EBITDA AND FREE CASH FLOW AND TOTAL NET DEBT LEVERAGE RATIO

(FY2016, FY2017, FY2018 & FY 2019 FINANCIALS)(NOTES ON MANAGEMENT ADJUSTMENTS NEXT PAGE)



	Actual Games	Actual FinTech	Actual Consolidated	Actual Games	Actual FinTech	Actual Consolidated	Actual Games	Actual FinTech	Actual Consolidated	Actual Games	Actual FinTech	Actual Consolidated
Adjusted EBITDA Reconciliation (\$ in millions)	2016	2016	2016	2017	2017	2017	2018	2018	2018	2019	2019	2019
Net income (loss)			\$ (249,479)			\$ (51,903)			\$ 12,356			\$ 16,517
Income tax provision (benefit)			31,696			(20,164)			\$ (9,710)			\$ (523)
Loss on extinguishment of debt			-			51,750			\$ 166			\$ 179
Interest expense, net of interest income			99,228			102,136			\$ 83,001			\$ 77,844
<b>Operating (loss) income</b>	<b>(166,243)</b>	<b>47,688</b>	<b>(118,555)</b>	<b>8,952</b>	<b>72,867</b>	<b>81,819</b>	<b>\$ 3,071</b>	<b>\$ 82,742</b>	<b>\$ 85,813</b>	<b>\$ 10,376</b>	<b>\$ 83,641</b>	<b>\$ 94,017</b>
Depreciation and amortization	120,974	23,659	144,633	97,487	19,300	116,787	\$ 110,157	\$ 16,313	\$ 126,470	\$ 114,373	\$ 17,762	\$ 132,135
<b>Reported EBITDA</b>	<b>(45,269)</b>	<b>71,347</b>	<b>26,078</b>	<b>106,439</b>	<b>92,167</b>	<b>198,606</b>	<b>\$ 113,228</b>	<b>\$ 99,055</b>	<b>\$ 212,283</b>	<b>\$ 124,749</b>	<b>\$ 101,403</b>	<b>\$ 226,152</b>
<b>Management's Adjustments:</b>												
1) Non-cash stock compensation expense	1,642	5,091	6,733	1,728	4,683	6,411	2,317	4,934	7,251	3,306	6,551	9,857
2) Non-cash goodwill impairment	146,299	-	146,299	-	-	-	-	-	-	-	-	-
3) Non-cash accretion of contract rights	8,692	-	8,692	7,819	-	7,819	8,421	-	8,421	8,710	-	8,710
4) Separation costs for former CEO	-	4,687	4,687	-	-	-	-	-	-	-	-	-
5) Non-recurring professional fees, and other, net	-	-	-	-	-	-	204	204	408	(251)	1,244	993
6) Non-cash write-off of inventory, property and equipment, and intangible assets	-	-	-	-	-	-	2,575	-	2,575	1,268	-	1,268
7) Non-cash write-down of note receivable / warrant	4,289	-	4,289	-	-	-	-	-	-	-	-	-
8) Loss on sale of aircraft	-	878	878	-	-	-	-	-	-	-	-	-
9) Manufacturing relocation costs	358	-	358	-	-	-	-	-	-	-	-	-
10) Legal Settlement	-	-	-	-	-	-	-	-	-	-	6,350	6,350
11) Non-cash adjustment to purchase accounting liabilities	-	-	-	-	-	-	-	(550)	(550)	-	(129)	(129)
Total Management Adjustments	161,280	10,656	171,936	9,547	4,683	14,230	\$ 13,517	\$ 4,588	\$ 18,105	\$ 13,033	\$ 14,016	\$ 27,049
<b>Adjusted EBITDA</b>	<b>\$ 116,011</b>	<b>\$ 82,003</b>	<b>\$ 198,014</b>	<b>\$ 115,986</b>	<b>\$ 96,850</b>	<b>\$ 212,836</b>	<b>\$ 126,745</b>	<b>\$ 103,643</b>	<b>\$ 230,388</b>	<b>\$ 137,782</b>	<b>\$ 115,419</b>	<b>\$ 253,201</b>
<b>Less:</b>												
Cash paid for Interest			(93,420)			(89,008)			\$ (81,609)			\$ (77,351)
Cash paid for capital expenditures			(80,741)			(96,490)			\$ (103,031)			\$ (114,291)
Cash paid for placement fees			(11,312)			(13,300)			\$ (20,556)			\$ (17,102)
Cash paid for income taxes, net of refunds			(1,532)			(180)			\$ (402)			\$ (694)
<b>Free Cash Flow</b>			<b>\$ 11,009</b>			<b>\$ 13,858</b>			<b>\$ 24,790</b>			<b>\$ 43,763</b>
Principal Face Value of Debt <sup>(1)</sup>			\$ 1,150,600			\$ 1,190,900			\$ 1,182,700			\$ 1,124,000
Less: Cash & Cash Equivalents <sup>(2)</sup>			(50,000)			(50,000)			(50,000)			(50,000)
Total Net Debt			\$ 1,100,600			\$ 1,140,900			\$ 1,132,700			\$ 1,074,000
<b>Total Net Debt Leverage Ratio <sup>(3)</sup></b>			<b>5.6</b>			<b>5.4</b>			<b>4.9</b>			<b>4.2</b>

1) Principal face value of outstanding senior secured term loan facility, the senior secured revolving credit facility, senior unsecured notes and the senior secured notes (which were repaid as part of a refinance of our former term loan facility in May 2017).

2) The Company nets the lesser of cash and cash equivalents or \$50 million against debt outstanding, as provided in the Company's Credit Facility.

3) Total Net Debt Leverage Ratio represents Total Net Debt divided by Adjusted EBITDA for the trailing twelve-month period.



# UNAUDITED RECONCILIATION OF NET (LOSS) INCOME TO ADJUSTED EBITDA AND FREE CASH FLOW AND TOTAL NET DEBT LEVERAGE RATIO

(FY2016, FY2017, FY2018, & FY2019 FINANCIALS - CONTINUED)

## Management's Adjustments

- 1. Stock Compensation:** The non-cash expense associated with the value of equity awards granted to employees by the Company.
- 2. Goodwill impairment:** Based on annual goodwill impairment testing, the Company determined the carrying amount of its Games reporting unit exceeded its estimated fair value.
- 3. Accretion of contract rights:** Amortization of the placement fees against gaming operations revenue for terminals deployed at sites under placement fee agreements.
- 4. Separation costs of former CEO:** Legal and severance costs associated with the termination of former CEO in February 2016.
- 5. Professional fees, acquisition costs and other:** Professional fees and transaction related fees incurred related to the acquisition of certain player loyalty assets from Atrient and Micro Gaming Technologies, the repricing and early redemption financing transactions, professional fees incurred for other projects not considered part of normal course of business, and the net recovery of a Value Added Tax ("VAT") refund.
- 6. Write-off of inventory, property and equipment, and intangible assets:** Non-cash charge related to the write-off of certain inventory, fixed assets, and intangible assets.
- 7. Write-down of note receivable and warrant:** Write-down to fair value of a warrant and note receivable that was extended by Multimedia Games, predecessor to Everi Games Holding Inc., to an Austin-based digital and interactive company who defaulted on the note receivable.
- 8. Loss on the sale of the aircraft:** Purchased an aircraft in 2015; upon termination of the former CEO, the Company made the decision to sell the aircraft.
- 9. Manufacturing relocation costs:** Costs to relocate and integrate certain Games manufacturing and warehousing functions from NV and WA to Austin, TX.
- 10. Legal Settlement:** A charge related to a proposed legal settlement of certain FinTech related litigation.
- 11. Adjustment of certain purchase accounting liabilities:** Non-cash benefit related to the adjustment of certain purchase accounting liabilities related to the acquisition of certain Compliance assets acquired in 2015.

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