



# Everi Holdings Inc.

## Investor Presentation

**Results of Operations for the period ended  
March 31, 2021**

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**NYSE: EVRI**



# SAFE HARBOR DISCLAIMER

## Forward-Looking Statements

This presentation contains “forward-looking statements” as defined in the U.S. Private Securities Litigation Reform Act of 1995. Generally, forward-looking statements address our expected future business and financial performance, and often contain words such as “goal,” “target,” “indication,” “future,” “estimate,” “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “project,” “may,” “should,” “designed to,” “in an effort to,” “will provide,” “look forward to,” or “will” and similar expressions to identify forward-looking statements. These statements are based upon management’s current expectations, assumptions, and estimates; and although the Company believes the forward-looking statements are reasonable, they are not assurances of timing, future events, or performance. Actual results may differ materially from those contemplated in these statements, due to risks and uncertainties. Examples of forward-looking statements include, among others, statements we make regarding our ability to maintain growth; our ability to grow from new customer wins, new property openings, and the entrance into new product categories combined with new products like *QuikTicket*® and *CashClub Wallet*®; opportunities for expansion into new markets, including international opportunities; our positioning for the future; the recurring nature of our revenues; expected key initiatives to deliver ongoing operating and financial improvements, regain revenue momentum, sustain overall growth, generate free cash flow, and improve the Company’s capital structure; our ability to drive growth in sales of Games units and FinTech hardware, the installed base, and Daily Win per Unit; and our ability to execute and create incremental value for our shareholders, as well as statements regarding our expectations for the industry environment and the adoption of our products and technologies.

# SAFE HARBOR DISCLAIMER



Forward-looking statements are neither historical facts nor assurances of future performance. Instead, these statements 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 may be 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, the impact of the ongoing COVID-19 global pandemic on our business, operations and financial condition, our history of net losses and our ability to generate profits in the future; our debt 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 customer 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 and enhanced 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 global market, business and regulatory conditions arising as a result of the COVID-19 global pandemic; 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 15, 2021. 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 two high-value product segments that generate significant recurring revenue
- Both business segments powering return to pre-pandemic growth

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



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





# 1Q-2021 QUARTER RESULTS

- Record operating results reflect strong recovery towards pre-pandemic growth, partially offset by continued impact of pandemic-related casino closures
  - Record first quarter revenue, all-time quarterly record net income, Adjusted EBITDA and Free Cash Flow
  - Recurring-revenue Games and FinTech solutions benefit from casino reopenings
    - Gaming operations units performing above pre-pandemic levels with record DWPU of \$37.28<sup>(1)</sup>
    - Installed base grew in 1Q-2021, with premium units up 3,693 units from 1Q-2019
    - Software and other revenue doubled in 1Q-2021 from 1Q-2019, driven by acquisitions and organic growth of loyalty products and services
    - Same-store financial access transaction volumes only moderately below 1Q-2019
    - Increased interest from casino operators for our cashless funding options
- Company's large base of tribal and regional casinos, generally the faster-growing and less cyclical portion of the Gaming market, driving current business strength
- Current game performance and premium product portfolio driving market share gains
- Favorably positioned to leverage industry leadership in financial access funding and self-service player loyalty products to lead the evolution toward cashless funding across casino ecosystems

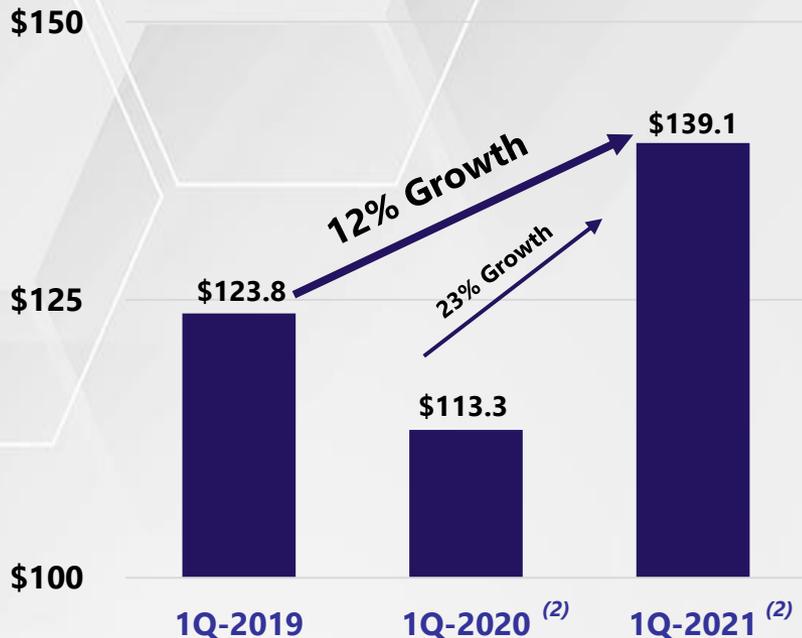
# INDICATIONS OF RECOVERY



- Many regional and/or locals-focused operators reported record 1Q-2021 results
  - Rising vaccination rates across the U.S.
  - Limitations on casino capacity easing

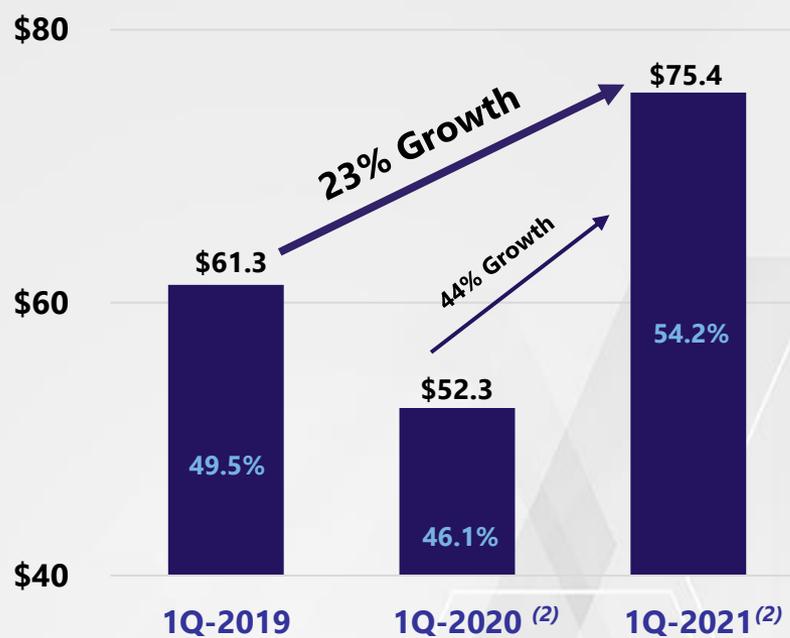
## Revenue

(\$ in millions)



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

(\$ in millions)



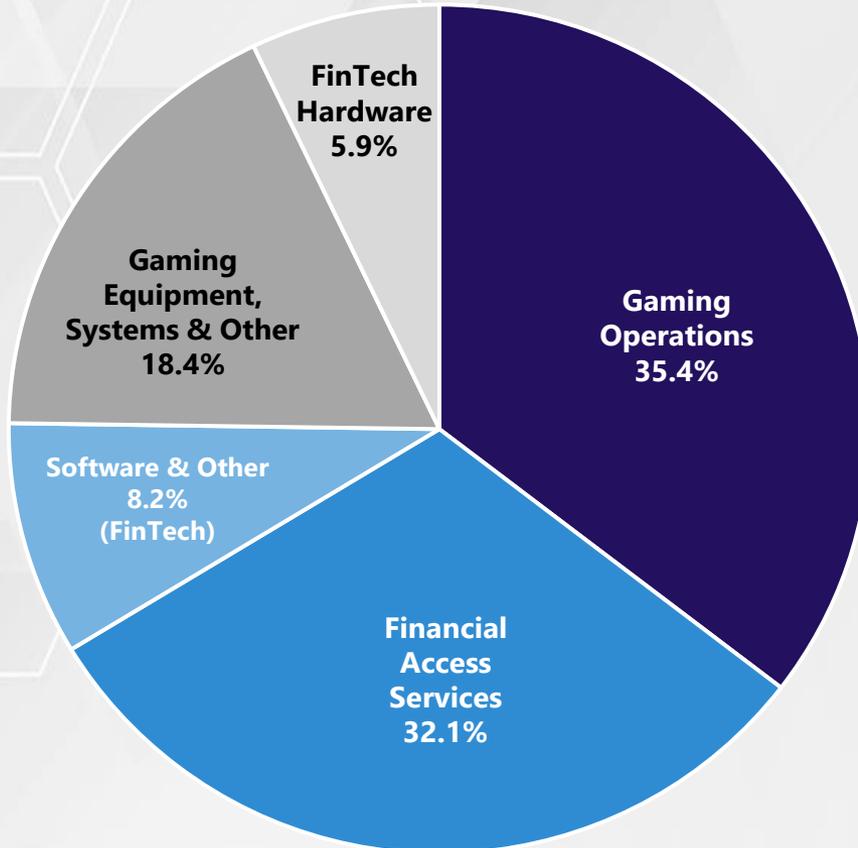
Adjusted EBITDA as a percentage of revenue

1) Adjusted EBITDA is a non-GAAP financial 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) Results for 1Q-2020 & 1Q-2021 includes the impact of the COVID-19 pandemic and related casino closures.

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

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



**Approximately 82% of 1Q-2021 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 multi-year placement contracts; 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.

**Financial 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 12 years.

**Software & Other:** Primarily player loyalty and regulatory compliance software, product subscriptions, and kiosk maintenance services that are integrated into casinos' daily operations; and generally provided under annual or multi-year agreements.

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

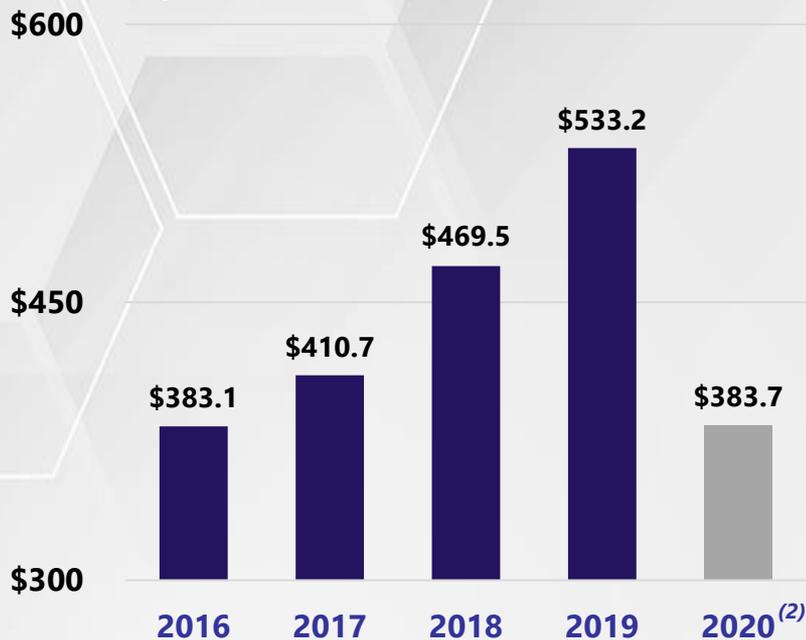
# HISTORY OF LONG-TERM GROWTH

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



## Revenue

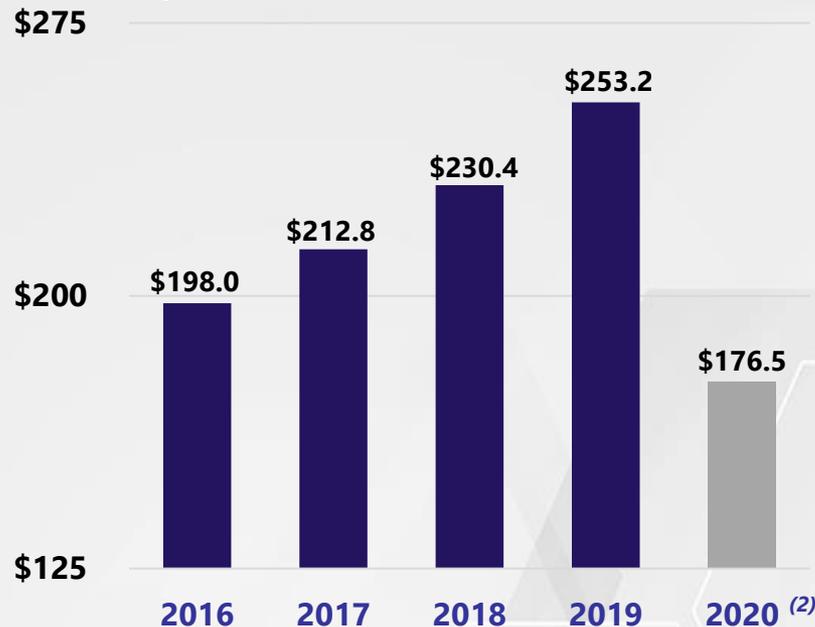
(\$ in millions)



2019 Y/Y growth of 14%<sup>(3)</sup>

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

(\$ in millions)



2019 Y/Y growth of 10%<sup>(4)</sup>

- Adjusted EBITDA is a non-GAAP financial 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).
- Results for 2020 includes the impact of the COVID-19 pandemic and related casino closures.
- Acquisition of accretive player loyalty businesses contributed ~3% of revenue growth in 2019.
- Margin compression in 2019 reflects business mix of more equipment revenues and higher operating expenses due to acquisitions.

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

Free Cash Flow generation in 1Q-2021 nearly equal to all of 2019



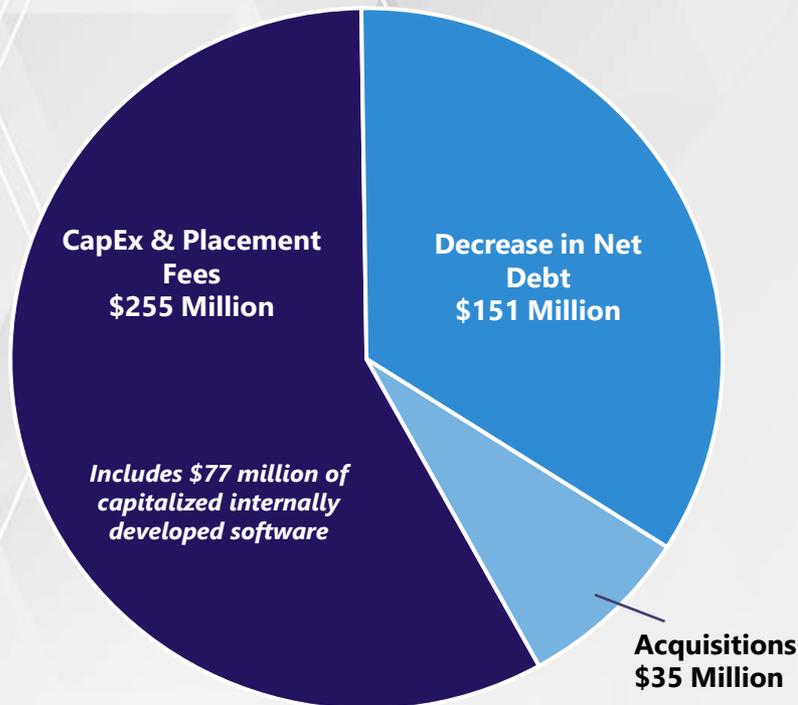
1) Free Cash Flow ("FCF") is a non-GAAP financial measure. Reconciliations to the most directly comparable GAAP measure can be found in the appendix to this presentation. Reconciliations for additional quarterly and annual periods can be found in applicable earnings releases located on Everi's website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

2) Results for 2020, 1Q-2020 & 1Q-2021 includes the impact of the COVID-19 pandemic and related casino closures.

# CAPITAL DEPLOYMENT<sup>(1)</sup><sup>(2)</sup>

Prudent capital allocations providing shareholder value

24 months ended 12/31/2019



## CapEx & Placement Fees:

- Investment to maintain and grow the Gaming Operations leased footprint
- Placement fees secured nearly 30% of our installed base under long-term contracts
- Capitalized R&D costs bolster the product pipeline through continuous product development

**Decrease in Net Debt:** Focused on reducing net debt and deleveraging while preserving liquidity

**Acquisitions:** Ongoing search for value-add, tuck-in acquisitions that provide opportunities for incremental and organic growth

1) 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.

2) In 1H-20, the 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. In September 2020, the Company repaid the entire \$35 million previously drawn on its revolving credit facility.

# LONG-TERM GROWTH DRIVERS



- **New product roadmap focused on diversified Games development**
  - Grow gaming operations leased footprint and for-sale unit ship share by expanding portfolio of games and cabinets, and pipeline strength of new differentiated game content
    - Launched premium game content on *Empire DCX*<sup>™</sup> cabinet and entry into commercial wide-area progressive market
    - Introduced *Empire Flex*<sup>™</sup> cabinet combined with growing portfolio of games drives sales and ship share
- **Leveraging FinTech network to build a “Digital Neighborhood”**
  - Expand FinTech offering through innovative development and tuck-in acquisitions
    - Acquisition and subsequent growth of loyalty products and services
    - Launched commercial field trial of *Jackpot Xpress*<sup>®</sup> with Caesars Palace in Nevada
    - Potential game-changing mobile **CashClubWallet**<sup>®</sup> based on integrated enterprise-wide system technology that combines cashless funding with player loyalty tracking
- **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 and distribution networks to generate accretive earnings and cash flow
- **International expansion opportunities**
  - Majority of business today is derived from the U.S. and Canada



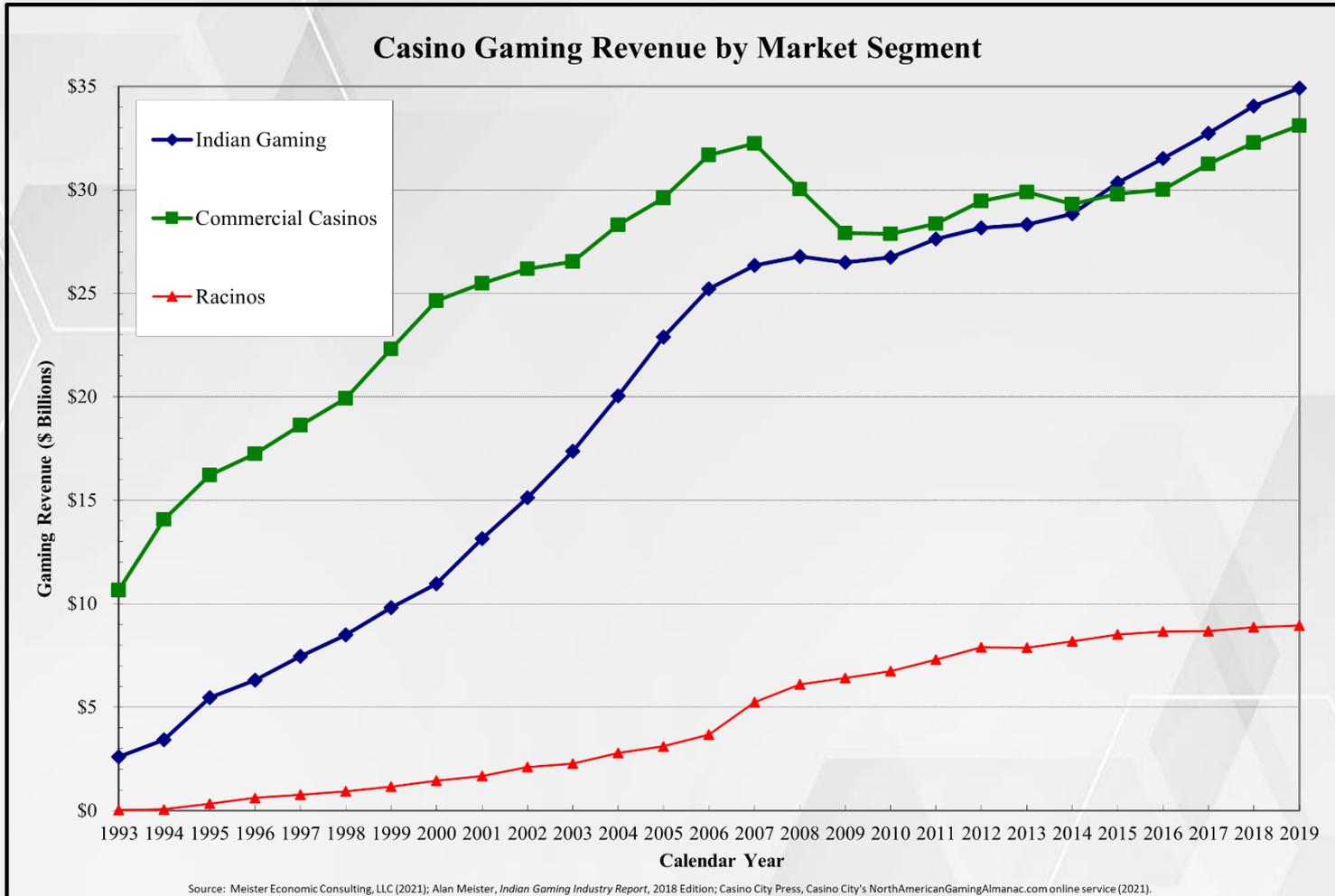


# INDUSTRY OVERVIEW



# U.S. GAMING IS A GROWING MARKET

- Historical strength in Tribal Casinos favorably positions Everi in a faster-growing and less cyclical portion of the Gaming market
- Increasing product penetration in Commercial Casinos offers significant potential for growth



# GAMING INDUSTRY IS LARGE AND GROWING



- **US gaming industry did \$78 billion in gross gaming revenue (“GGR”)(1)**
  - Tribal gaming revenues increased 10% to \$34.6 billion in 2019 over 2016
    - 522 casinos in 2019, up from 500 casinos in 2016
    - Oklahoma tribal<sup>(2)</sup> revenue increased 3.9% Y/Y in 2019
  - Commercial gaming revenues grew 3.7% Y/Y to \$43.6 billion in 2019
- **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, 4Q-2019 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 ~45,000+ gaming units on casino floors across the U.S. and Canada, an estimated 4.5% of the total installed units**
  - More than 1 million<sup>(3)</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) Represent 2019 results. Results for 2020 were not readily available and the reader should note significant declines in the gaming industry in 2020 due to the impact of the COVID-19 pandemic and related casino closures.

2) Oklahoma tribal includes OK City and Tulsa regions per the National Indian Gaming Commission, includes casinos in Oklahoma, Kansas and Texas.

3) Eilers and Krejcik Gaming, LLC, Slot & Table Count – 4Q20; total units are 1,000,262 units at 12/31/2020.



# EVERI GAMES



# GAMES FINANCIAL OVERVIEW



- Pre-covid 2019 revenue grew 9% and Adjusted EBITDA grew 9%
  - New product pipeline of differentiated cabinets and high-performing premium games leading to increase in installed base of leased units, DWPU and ship share
  - Team-focused game development studios in Austin, Chicago and Reno

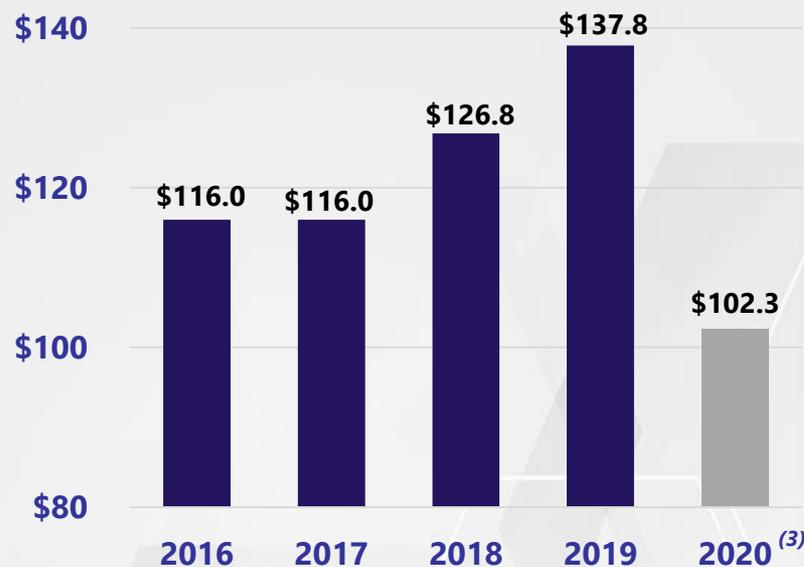
## Revenue (1)

(\$ in millions)



## Adjusted EBITDA (2)

(\$ 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.

2) Adjusted EBITDA is a non-GAAP financial 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) Results for 2020 includes the impact of the COVID-19 pandemic and related casino closures.

# GAMES 1Q-2021



- Record level of high-margin recurring gaming operations revenue was a key driver to first quarter performance
- Premium units have increased every quarter for the past 11 quarters, including throughout the pandemic and have more than doubled since 1Q-2019

## Revenue

(\$ in millions)  
\$90



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

(\$ in millions)  
\$50



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2) Results for 1Q-2020 & 1Q-2021 includes the impact of the COVID-19 pandemic and related casino closures.

# STRONG PREMIUM PORTFOLIO ...

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



## PREMIUM LEASED GAMES

### Video



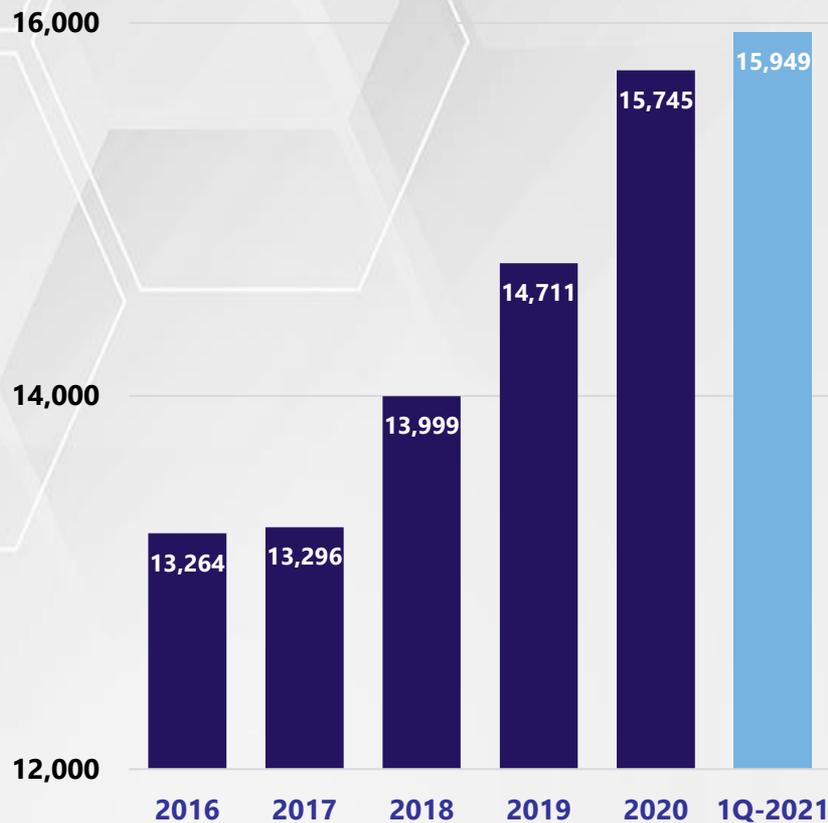
### Mechanical



# ...DRIVING MEANINGFUL GROWTH

Premium units represent 42% of the total installed base at 1Q-2021 compared to 22% in 1Q-2019

## Total Installed Base



## Premium Units



## Daily Win Per Day (1)



1) Daily win per unit excludes the impact of the direct costs associated with the Company's wide-area progressive jackpot expense.

# GROWING PRODUCT PORTFOLIO...

Growth strategy driven by expanding portfolio of differentiated cabinet styles supported by libraries of player-popular games

## Standard Video



## Standard Mechanical



## TournEvent®



# ...DRIVING SALES AND SHIP SHARE



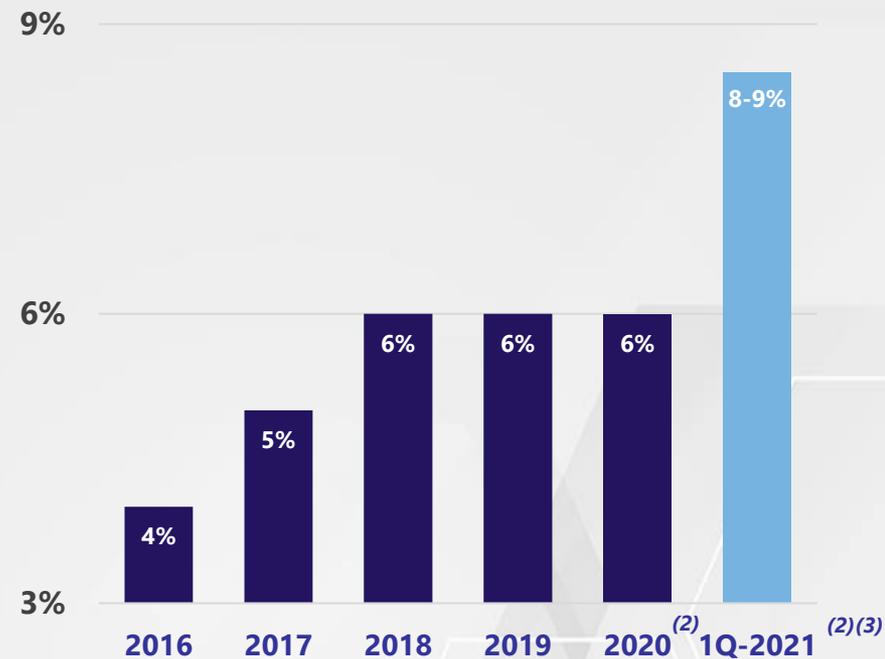
A deep portfolio of award-winning content drives continued sales growth and market share gains

## Unit Sales



*Industry unit sales were down in 2020 reflecting casino operators' capital conservation efforts to mitigate the impact of the COVID-19*

## Ship Share<sup>(1)</sup>



*Everi's estimated 1Q-2021 ship share percentage increased to the high single digits driven by Empire Flex™ cabinet sales*

1) Results for 2016 – 2020 per Eilers & Krejcik Gaming, LLC- Gaming Supplier KPIs.

2) Results for 2020 & 1Q-2021 includes the impact of the COVID-19 pandemic and related casino closures.

3) Represents Everi's estimated ship share percentage for 1Q-2021

# 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 state-of-the-art remote game server ("RGS"), Everi's gaming content is integrated with real-money gaming operators to provide online players access to Everi's broad portfolio of casino games.
- Currently have 36 Games live on 37 sites

## Key Markets

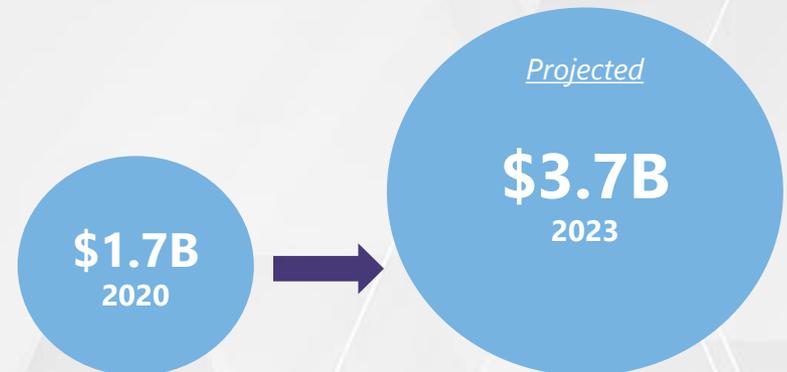
- Michigan
- New Jersey
- Pennsylvania
- West Virginia
- British Columbia
- Manitoba
- Quebec

## Revenue

(\$ in millions)



## U.S. iGaming TAM<sup>(1)</sup>



1) Per Eilers & Krejcik Gaming, LLC



# EVERI FINTECH



# FINTECH FINANCIAL OVERVIEW



- **Pre-covid 2019 revenue grew 19% and Adjusted EBITDA grew 11%**
  - Same-store increases in cash and cashless funding transactions and volume
  - Winning new customers and casino expansions
  - Cross-selling opportunities between financial access, regulatory compliance products, player loyalty, and other products and services (integration benefits offer customer efficiencies)
  - Introduction of innovative new products: *EveriCares*<sup>®</sup>, *QuikTicket*<sup>®</sup>, *JackpotXpress*<sup>®</sup>
  - Acquisition of accretive player loyalty businesses contributed ~8% to revenue growth on top of the ~11% organic revenue growth in 2019

## Revenue (1)

(\$ in millions)



## Adjusted EBITDA (2)

(\$ 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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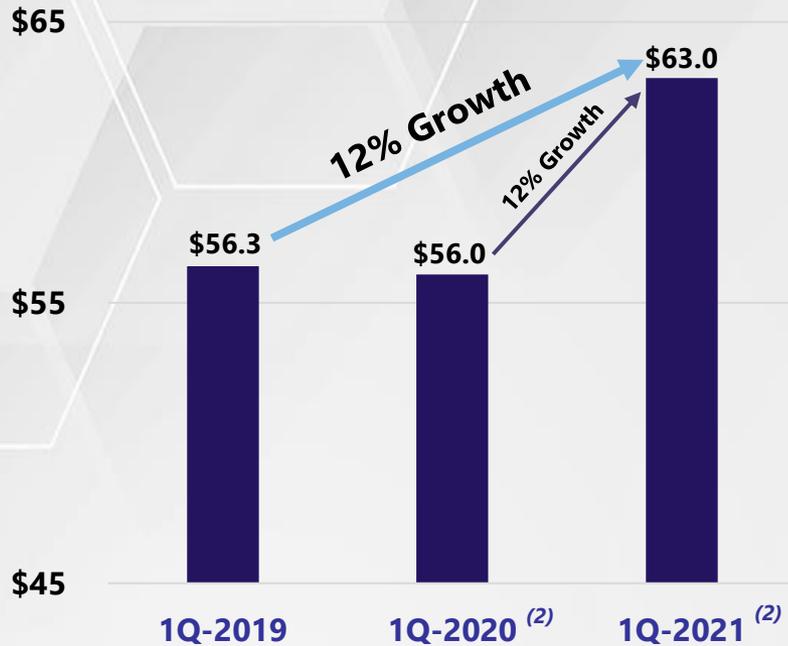
3) Results for 2020 includes the impact of the COVID-19 pandemic and related casino closures.

# FINTECH 1Q-2021

- Recent growth driven by increase in casino activity
- Addition of new and enhanced loyalty products

## Revenue

(\$ in millions)



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

(\$ in millions)



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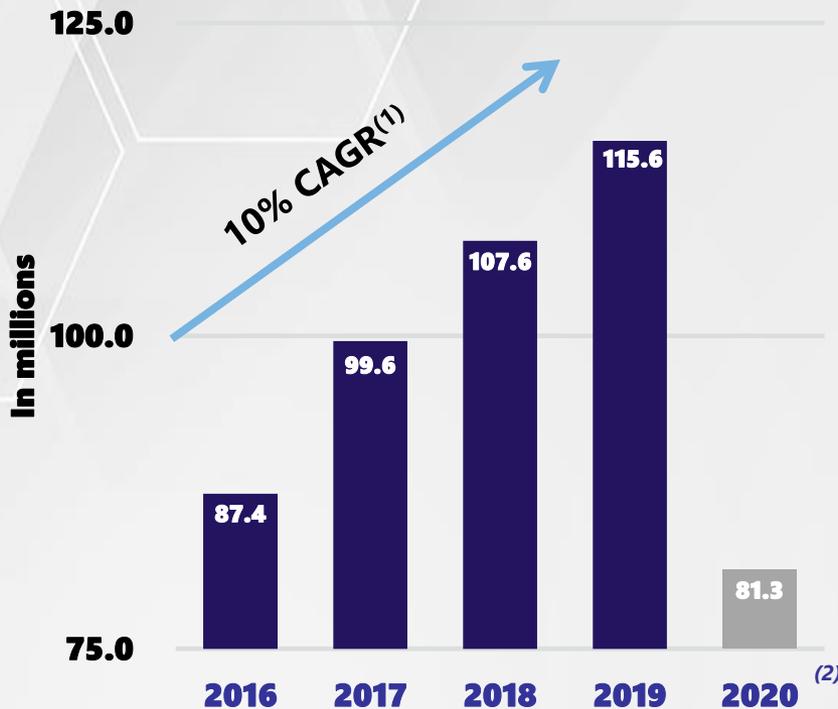
2) Results for 1Q-2020 & 1Q-2021 includes the impact of the COVID-19 pandemic and related casino closures.

# TRANSACTION GROWTH

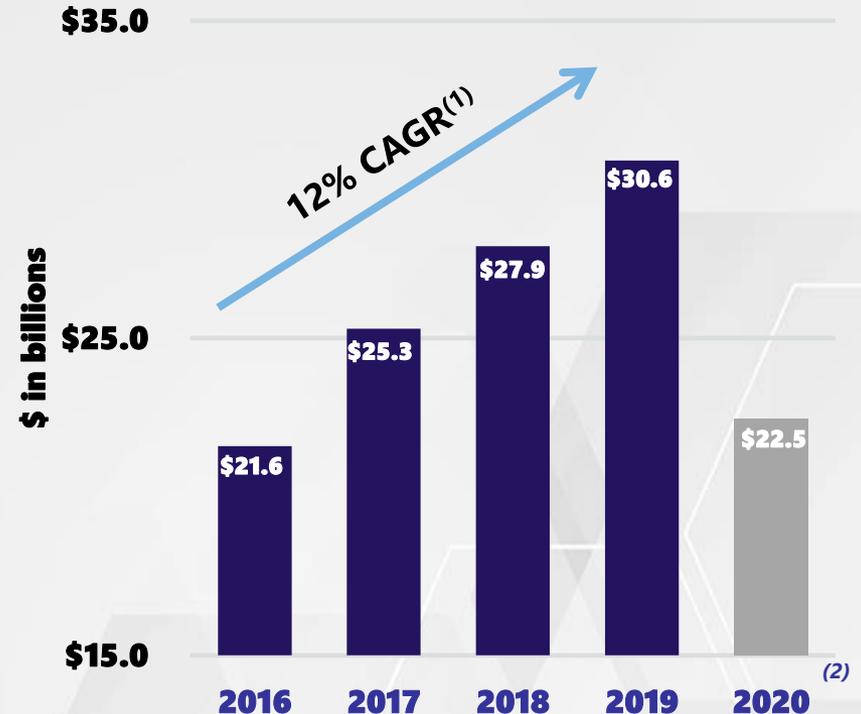


- Steady growth driven by new customer wins, new property openings, entrance into new markets, continued introduction of new product extensions like *QuikTicket*® and *Cashclub Wallet*®, and addition of new transaction types like American Express and dynamic currency conversion
- 4Q-2019 was 21st consecutive quarter of year-over-year growth in financial transactions and value processed on a same-store locations basis
  - In March 2021, revenues turned positive on a same-store basis when compared to the same period in 2019

## Number of Transactions



## Transactional Value



1) CAGR represent growth from 2016 through 2019 and excludes results for 2020.

2) Results for 2020 includes the impact of the COVID-19 pandemic and related casino closures.

# INDUSTRY LEADING 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
- Continuous innovation of products and services to enhance value for current and future customers

## Financial Access Services

Wide range of cash and cashless integrated financial service solutions

## Software and RegTech

Loyalty software sales and subscriptions  
RegTech software for regulatory compliance

## Kiosks and Hardware

Sales of self-service kiosks and efficiency enhancing hardware



# TRILOGY



# CASHLESS GAMING

Benefits for gaming operators and patrons

## Gaming Operators



- **Reduced cash on hand**  
Increased efficiencies and cost savings to front- and back-of-house operations



- **Player spend intelligence**  
Detailed player analytics across entire casino ecosystem



- **Extended player engagement**  
Increased convenience leading to increased play

## Patrons



- **True cashless offering**  
Digital enterprise-wide currency across multiple properties and jurisdictions - *as good as cash*



- **Meaningful incentives**  
Tailored promotions based on patron spending habits



- **Continuous play**  
Never leave game of choice for additional cash – *funding anytime anywhere*

# POSITIONED FOR CASHLESS/CONTACTLESS GAMING INDUSTRY LEADERSHIP



## Industry leadership

- Current financial access services funding leader
- Established with 33 money transmitter licenses and 1,001 gaming supplier licenses throughout U.S. and Canada

## Digital Neighborhood

- Value added by offering a comprehensive suite of fully integrated RegTech and financial access solutions
- Continuous enhancement and addition of new products and services increases value of entire product suite for customers

## *CashClub Wallet*<sup>®</sup> mobile app

- Digital white-labeled, enterprise-wide app
- Enhanced patron experience enabled thru omnichannel funding (cash or cashless)
- Currently live with two of the largest tribal operators: At all 6 Seminole properties in FL and at Winstar, the largest casino in the U.S.

## Positive adoption trends

- Operator and patron benefits drive expectation of increased transactional activities, while cash remains an important option for players

# ENTERPRISE-WIDE DIGITAL CASHCLUB WALLET® APP



Low Staff Impact

Cashless & Touchless



Self Service



Fast & Cost Effective Delivery

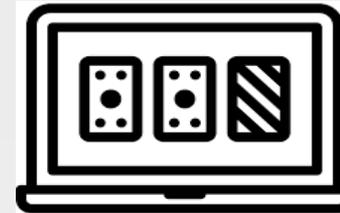
Online Sports Betting



On Premise



Online



iGaming



Loyalty Offers

Enables Omnichannel 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



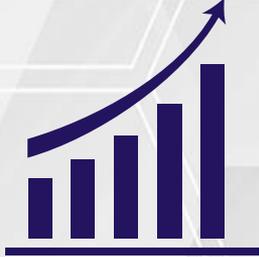
**Regulation**

- Banking
- Gaming
- Payments

# PLAYER LOYALTY & MARKETING

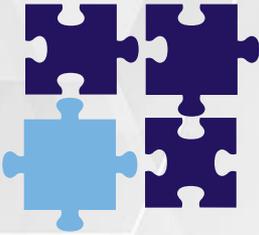


**Highly complementary to FinTech portfolio, expanding Everi's one-stop shop of comprehensive integrated offerings**



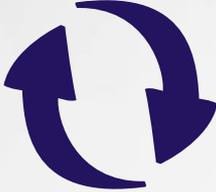
## Driving growth

- 2019 accretive and strategic acquisitions added complementary products, platforms and technologies focused on supporting operators' needs
  - Software and other revenue doubled in 1Q-2021 from 1Q-2019, driven by acquisitions and organic growth of loyalty
- 



## Supplements current FinTech solution offering

- Full integration with *CashClub Wallet*® allows for combination of mobile cashless funding and payments with a promotion engine
  - Mobile app provides convenient on-the-go access for casino patrons
- 



## Seamless connections between casinos' loyalty programs and their patrons

- Expands interaction with gaming patrons
- Provides opportunity for increased player analytics and enhanced marketing

# PLAYER LOYALTY & MARKETING

Platforms and software focused on supporting operators' needs for player loyalty enrollment, marketing/promotional software, and self-service kiosks

## Enrollment Kiosks

- Self service
- Print loyalty cards
- Update player information



## Promotional Kiosks

- Promotions and offers
- Drawings
- Incentives
- Slot concierge



## Mobile Loyalty

- View account information
- Mobile promotion delivery
- Integrated with *CashClub Wallet*®



# OUR SECRET SAUCE: PEOPLE AND PRODUCTS



# INVESTMENT SUMMARY



1

## ROBUST BASE OF RECURRING REVENUE

- Approximately 75% of 2019 revenue is historically of a recurring nature
- Sticky 3-5 year financial access service contracts; average life of the relationship with our Top 30 customers is 12 years
- Regulatory compliance and player loyalty subscription services integrated into casinos operating protocols
- As of 3/31/2021, 15,949 installed games on a fixed fee or revenue share lease - 42% premium units that are driving record 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 the introduction of new transaction types and mobile gaming experiences through a potentially 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

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## 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 2020
- ~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, with 1Q-2021 Free Cash Flow<sup>(1)</sup> essentially equal to Free Cash Flow in all of 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 non-GAAP financial 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).



# 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, 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.

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 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.

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

(FY2016, FY2017 AND FY2018 FINANCIALS)  
(NOTES ON MANAGEMENT ADJUSTMENTS ON PAGE 40)

|   | Actual<br>Games | Actual<br>FinTech | Actual<br>Consolidated | Actual<br>Games | Actual<br>FinTech | Actual<br>Consolidated | Actual<br>Games | Actual<br>FinTech | Actual<br>Consolidated |
|---|-----------------|-------------------|------------------------|-----------------|-------------------|------------------------|-----------------|-------------------|------------------------|
| Adjusted EBITDA Reconciliation<br>(\$ in millions)                                | 2016            | 2016              | 2016                   | 2017            | 2017              | 2017                   | 2018            | 2018              | 2018                   |
| <b>Net income (loss)</b>  |                 |                   | \$ (249,479)           |                 |                   | \$ (51,903)            |                 |                   | \$ 12,356              |
| Income tax provision (benefit)  |                 |                   | 31,696                 |                 |                   | (20,164)               |                 |                   | (9,710)                |
| Loss on extinguishment of debt  |                 |                   | -                      |                 |                   | 51,750                 |                 |                   | 166                    |
| Interest expense, net of interest income  |                 |                   | 99,228                 |                 |                   | 102,136                |                 |                   | 83,001                 |
| <b>Operating (loss) income</b>  | \$ (166,243)    | \$ 47,688         | \$ (118,555)           | \$ 8,952        | \$ 72,867         | \$ 81,819              | \$ 3,071        | \$ 82,742         | \$ 85,813              |
| Depreciation and amortization   | 120,974         | 23,659            | 144,633                | 97,487          | 19,300            | 116,787                | 110,157         | 16,313            | 126,470                |
| <b>Reported EBITDA</b>  | \$ (45,269)     | \$ 71,347         | \$ 26,078              | \$ 106,439      | \$ 92,167         | \$ 198,606             | \$ 113,228      | \$ 99,055         | \$ 212,283             |
| <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                  |
| 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                  |
| 4) Separation costs for former CEO  | -               | 4,687             | 4,687                  | -               | -                 | -                      | -               | -                 | -                      |
| 5) Non-recurring professional fees, and other, net                                | -               | -                 | -                      | -               | -                 | -                      | 204             | 204               | 408                    |
| 6) Non-cash write-off of inventory, property and equipment, and intangible assets | -               | -                 | -                      | -               | -                 | -                      | 2,575           | -                 | 2,575                  |
| 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  | -               | -                 | -                      | -               | -                 | -                      | -               | -                 | -                      |
| 11) Non-cash adjustment to purchase accounting liabilities                        | -               | -                 | -                      | -               | -                 | -                      | -               | (550)             | (550)                  |
| <b>Total Management Adjustments</b>   | \$ 161,280      | \$ 10,656         | \$ 171,936             | \$ 9,547        | \$ 4,683          | \$ 14,230              | \$ 13,517       | \$ 4,588          | \$ 18,105              |
| <b>Adjusted EBITDA</b>  | \$ 116,011      | \$ 82,003         | \$ 198,014             | \$ 115,986      | \$ 96,850         | \$ 212,836             | \$ 126,745      | \$ 103,643        | \$ 230,388             |
| <b>Less:</b>  |                 |                   |                        |                 |                   |                        |                 |                   |                        |
| Cash paid for Interest  |                 |                   | (93,420)               |                 |                   | (89,008)               |                 |                   | (81,609)               |
| Cash paid for capital expenditures  |                 |                   | (80,741)               |                 |                   | (96,490)               |                 |                   | (103,031)              |
| Cash paid for placement fees  |                 |                   | (11,312)               |                 |                   | (13,300)               |                 |                   | (20,556)               |
| Cash paid for income taxes, net of refunds  |                 |                   | (1,532)                |                 |                   | (180)                  |                 |                   | (402)                  |
| <b>Free Cash Flow</b>   |                 |                   | \$ 11,009              |                 |                   | \$ 13,858              |                 |                   | \$ 24,790              |

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

(FY 2019 AND FY 2020)  
(NOTES ON MANAGEMENT ADJUSTMENTS ON PAGE 40)

|   | Actual<br>Games | Actual<br>FinTech | Actual<br>Consolidated | Actual<br>Games | Actual<br>FinTech | Actual<br>Consolidated |
|---|-----------------|-------------------|------------------------|-----------------|-------------------|------------------------|
| Adjusted EBITDA Reconciliation<br>(\$ in millions)                                | 2019            | 2019              | 2019                   | 2020            | 2020              | 2020                   |
| <b>Net income (loss)</b>  |                 |                   | \$ 16,517              |                 |                   | \$ (81,680)            |
| Income tax provision (benefit)  |                 |                   | (523)                  |                 |                   | (5,756)                |
| Loss on extinguishment of debt  |                 |                   | 179                    |                 |                   | 7,457                  |
| Interest expense, net of interest income  |                 |                   | 77,844                 |                 |                   | 74,564                 |
| <b>Operating (loss) income</b>  | \$ 10,376       | \$ 83,641         | \$ 94,017              | \$ (46,368)     | \$ 40,953         | \$ (5,415)             |
| Depreciation and amortization   | 114,373         | 17,762            | 132,135                | 121,492         | 21,272            | 142,764                |
| <b>Reported EBITDA</b>  | \$ 124,749      | \$ 101,403        | \$ 226,152             | \$ 75,124       | \$ 62,225         | \$ 137,349             |
| <b><u>Management's Adjustments:</u></b>   |                 |                   |                        |                 |                   |                        |
| 1) Non-cash stock compensation expense  | 3,306           | 6,551             | 9,857                  | 6,746           | 6,290             | 13,036                 |
| 3) Non-cash accretion of contract rights  | 8,710           | -                 | 8,710                  | 7,675           | -                 | 7,675                  |
| 5) Non-recurring professional fees, and other, net                                | (251)           | 1,244             | 993                    | 30              | 932               | 962                    |
| 6) Non-cash write-off of inventory, property and equipment, and intangible assets | 1,268           | -                 | 1,268                  | 9,965           | 1,801             | 11,766                 |
| 10) Legal Settlement  | -               | 6,350             | 6,350                  | -               | -                 | -                      |
| 11) Non-cash adjustment to purchase accounting liabilities                        | -               | (129)             | (129)                  | -               | -                 | -                      |
| 12) Foreign exchange loss   | -               | -                 | -                      | 83              | 1,199             | 1,282                  |
| 13) Office and warehouse consolidation  | -               | -                 | -                      | 626             | 676               | 1,302                  |
| 14) Employee severance costs and other expenses                                   | -               | -                 | -                      | 1,578           | 1,122             | 2,700                  |
| Other one-time charges  | -               | -                 | -                      | 456             | -                 | 456                    |
| <b>Total Management Adjustments</b>   | \$ 13,033       | \$ 14,016         | \$ 27,049              | \$ 27,159       | \$ 12,020         | \$ 39,179              |
| <b>Adjusted EBITDA</b>  | \$ 137,782      | \$ 115,419        | \$ 253,201             | \$ 102,283      | \$ 74,245         | \$ 176,528             |
| <b><u>Less:</u></b>   |                 |                   |                        |                 |                   |                        |
| Cash paid for Interest  |                 |                   | (77,351)               |                 |                   | (67,562)               |
| Cash paid for capital expenditures  |                 |                   | (114,291)              |                 |                   | (76,429)               |
| Cash paid for placement fees  |                 |                   | (17,102)               |                 |                   | (3,085)                |
| Cash paid for income taxes, net of refunds  |                 |                   | (694)                  |                 |                   | (576)                  |
| <b>Free Cash Flow</b>   |                 |                   | \$ 43,763              |                 |                   | \$ 28,876              |

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

(1Q-2019, 1Q-2020 AND 1Q-2021 FINANCIALS)  
(NOTES ON MANAGEMENT ADJUSTMENTS ON PAGE 40)



| Adjusted EBITDA Reconciliation<br>(\$ in millions) | Actual Games | Actual FinTech | Actual Consolidated | Actual Games | Actual FinTech | Actual Consolidated | Actual Games | Actual FinTech | Actual Consolidated |
|--|--------------|----------------|---------------------|--------------|----------------|---------------------|--------------|----------------|---------------------|
|  | 1Q-2019      | 1Q-2019        | 1Q-2019             | 1Q-2020      | 1Q-2020        | 1Q-2020             | 1Q-2021      | 1Q-2021        | 1Q-2021             |
| <b>Net income (loss)</b>                           |              |                | \$ 5,860            |              |                | \$ (13,454)         |              |                | \$ 20,534           |
| Income tax provision (benefit)                     |              |                | (388)               |              |                | (997)               |              |                | 1,189               |
| Loss on extinguishment of debt                     |              |                | -                   |              |                | 7,378               |              |                | -                   |
| Interest expense, net of interest income           |              |                | 20,400              |              |                | 17,499              |              |                | 18,471              |
| <b>Operating (loss) income</b>                     | \$ 3,104     | \$ 22,768      | \$ 25,872           | \$ (5,392)   | \$ 15,818      | \$ 10,426           | \$ 15,276    | \$ 24,918      | \$ 40,194           |
| Depreciation and amortization                      | 27,156       | 3,930          | 31,086              | 30,313       | 5,254          | 35,567              | 25,547       | 5,345          | 30,892              |
| <b>Reported EBITDA</b>                             | \$ 30,260    | \$ 26,698      | \$ 56,958           | \$ 24,921    | \$ 21,072      | \$ 45,993           | \$ 40,823    | \$ 30,263      | \$ 71,086           |
| <b>Management's Adjustments:</b>                   |              |                |                     |              |                |                     |              |                |                     |
| 1) Non-cash stock compensation expense             | 557          | 1,216          | 1,773               | 1,286        | 1,197          | 2,483               | 1,459        | 1,546          | 3,005               |
| 3) Non-cash accretion of contract rights           | 2,122        | -              | 2,122               | 2,170        | -              | 2,170               | 2,318        | -              | 2,318               |
| 5) Non-recurring professional fees, and other, net | 186          | 271            | 457                 | -            | 350            | 350                 | -            | 84             | 84                  |
| 10) Legal Settlement                               | -            | -              | -                   | -            | -              | -                   | -            | (1,107)        | (1,107)             |
| 12) Foreign exchange loss                          | -            | -              | -                   | 83           | 1,199          | 1,282               | -            | -              | -                   |
| Total Management Adjustments                       | \$ 2,865     | \$ 1,487       | \$ 4,352            | \$ 3,539     | \$ 2,746       | \$ 6,285            | \$ 3,777     | \$ 523         | \$ 4,300            |
| <b>Adjusted EBITDA</b>                             | \$ 33,125    | \$ 28,185      | \$ 61,310           | \$ 28,460    | \$ 23,818      | \$ 52,278           | \$ 44,600    | \$ 30,786      | \$ 75,386           |
| <b>Less:</b>                                       |              |                |                     |              |                |                     |              |                |                     |
| Cash paid for Interest                             |              |                | (12,470)            |              |                | (10,855)            |              |                | (12,026)            |
| Cash paid for capital expenditures                 |              |                | (22,194)            |              |                | (22,507)            |              |                | (20,035)            |
| Cash paid for placement fees                       |              |                | (5,329)             |              |                | (585)               |              |                | -                   |
| Cash paid for income taxes, net of refunds         |              |                | (92)                |              |                | 78                  |              |                | 197                 |
| <b>Free Cash Flow</b>                              |              |                | \$ 21,225           |              |                | \$ 18,409           |              |                | \$ 43,522           |

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

(FY2016, FY2017, FY2018, FY2019, FY2020, 1Q-2019, 1Q-2020 AND 1Q-2021 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.
- 12. Foreign exchange loss:** Foreign exchange losses associated with the repatriation of foreign cash balances.
- 13. Office and warehouse consolidation:** Costs related to the consolidation and exiting of certain facilities.
- 14. Employee severance costs and other expenses:** Costs associated with the severance of employees.

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## **FOR MORE INFORMATION**

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