



ACCELENTERTAINMENT®

Second Quarter 2024 Earnings Presentation

July 2024

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Important Information

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, contained in this presentation are forward-looking statements, including, but not limited to, any statements regarding our estimates of number of gaming terminals, locations, revenues, Adjusted EBITDA, capital expenditures, and our proposed acquisition of Fairmount Holdings, Inc. The words “predict,” “estimated,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would,” “continue,” and similar expressions or the negatives thereof are intended to identify forward-looking statements. These forward-looking statements represent our current reasonable expectations and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We cannot guarantee the accuracy of the forward-looking statements, and you should be aware that results and events could differ materially and adversely from those contained in the forward-looking statements due to a number of factors including, but not limited to: Accel’s ability to operate in existing markets or expand into new jurisdictions; Accel’s ability to offer new and innovative products and services that fulfill the needs of location partners and create strong and sustained player appeal; Accel’s dependence on relationships with key manufacturers, developers and third parties to obtain gaming terminals, amusement machines, and related supplies, programs, and technologies for its business on acceptable terms; the negative impact on Accel’s future results of operations by the slow growth in demand for gaming terminals and by the slow growth of new gaming jurisdictions; Accel’s heavy dependency on its ability to win, maintain and renew contracts with location partners; the parties’ ability to satisfy the conditions to the consummation of the proposed acquisition of Fairmount Holdings Inc. and the risk that that the proposed acquisition may not be completed in a timely manner or at all; unfavorable macroeconomic conditions or decreased discretionary spending due to other factors such as interest rate volatility, persistent inflation, actual or perceived instability in the U.S. and global banking systems, high fuel rates, recessions, epidemics or other public health issues, terrorist activity or threat thereof, civil unrest or other macroeconomic or political uncertainties, that could adversely affect Accel’s business, results of operations, cash flows and financial conditions and other risks and uncertainties indicated from time to time in documents filed or to be filed with the Securities and Exchange Commission (“SEC”).

Accordingly, forward-looking statements, including any projections or analysis, should not be viewed as factual and should not be relied upon as an accurate prediction of future results. The forward-looking statements contained in this presentation are based on our current expectations and beliefs concerning future developments and their potential effects on Accel. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control), or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in the section entitled “Risk Factors” in the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed by Accel with the SEC on February 28, 2024 (the “Form 10-K”), as well as Accel’s other filings with the SEC.

Except as required by law, we do not undertake publicly to update or revise these statements, even if experience or future changes make it clear that any projected results expressed in this or other presentations or future quarterly reports, or company statements will not be realized. In addition, the inclusion of any statement in this presentation does not constitute an admission by us that the events or circumstances described in such statement are material. We qualify all of our forward-looking statements by these cautionary statements. In addition, the industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors including those described in the section entitled “Risk Factors” in the Form 10-K, as well as Accel’s other filings with the SEC. These and other factors could cause our results to differ materially from those expressed in this presentation.

Industry and Market Data

Unless otherwise indicated, information contained in this presentation concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity, and market size, is based on information from various sources, on assumptions that we have made that are based on those data and other similar sources, and on our knowledge of the markets for our services. This information includes a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. In addition, projections, assumptions, and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the Annual Report on Form 10-K filed by Accel with the SEC, as well as Accel’s other filings with the SEC. These and other factors could cause results to differ materially from those expressed in the estimates made by third parties and by us.

Use of Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures, including Adjusted net income, Adjusted EBITDA, EBIT, Capex, and Net Debt. Management believes that these non-GAAP measures of financial results enhance the understanding of Accel’s underlying drivers of profitability and trends in Accel’s business and facilitate company-to-company and period-to-period comparisons, because these non-GAAP financial measures exclude the effects of certain non-cash items or represent certain nonrecurring items that are unrelated to core performance. Management of Accel also believes that these non-GAAP financial measures are used by investors, analysts and other interested parties as measures of financial performance and to evaluate Accel’s ability to fund capital expenditures, service debt obligations and meet working capital requirements. For definitions of non-GAAP financial measures and reconciliations of non-GAAP financial measures to the most directly comparable GAAP measure, please see the Appendix to this presentation.

Accel at a Glance

High Quality Service Company in Gaming Vertical

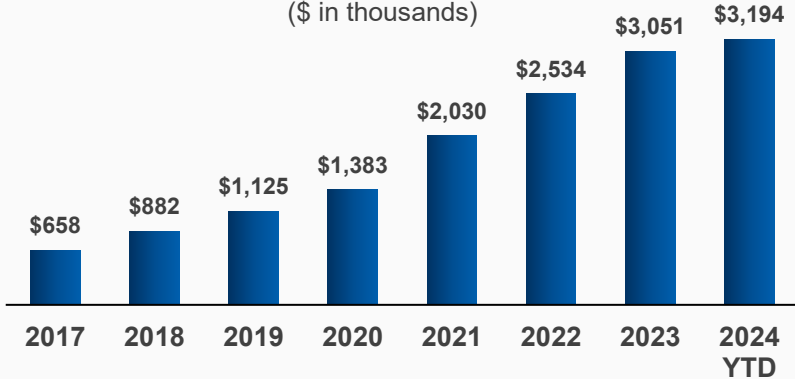


As of June 30, 2024, Accel owned and operated 25,757 gaming terminals across 4,034 locations in Illinois, Montana, Nevada and Nebraska

Strong Track Record of Growth

Average Daily Net Gaming Revenue⁽¹⁾

(\$ in thousands)



Contracted, Recurring Revenue



Long, recurring agreements



Continued strong customer engagement



Firm backlog of contracted locations waiting to go-live

Disciplined Stewards of Capital



Balance sheet strength
Conservative net leverage
\$311 million of Net Debt⁽²⁾



Over 65% through the \$200 million share repurchase program⁽³⁾

1. Calculated as Net Gaming Revenue in the period divided by the number of operational days. There were 217 and approximately 347 operational days for the years ended December 31, 2020 and 2021, respectively.
 2. Calculated as of June 30, 2024. Net Debt is a non-GAAP financial measure that may not be comparable to other similarly titled measures of other companies. Accel does not consider this Non-GAAP measure in isolation or as an alternative to similar financial measures determined in accordance with GAAP. For more information with respect to this Non-GAAP financial measure, see page 2 "Use of Non-GAAP Financial Measures," and for a reconciliation of this measure to its most directly comparable GAAP measure, see page 10 "Non-GAAP to GAAP Reconciliation."
 3. On November 22, 2021, the Company's Board of Directors approved a share repurchase program of up to \$200 million of shares of its Class A-1 common stock. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. Under the repurchase program, repurchases can be made from time to time using a variety of methods, including open market purchases or privately negotiated transactions, in compliance with the rules of the United States SEC and other applicable legal requirements. The repurchase program does not obligate the Company to acquire any particular amount of shares, and the repurchase program may be suspended or discontinued at any time at the Company's discretion. As of June 30, 2024, the Company has purchased a total of 12,909,946 shares under the plan at a cost of \$133.4 million.

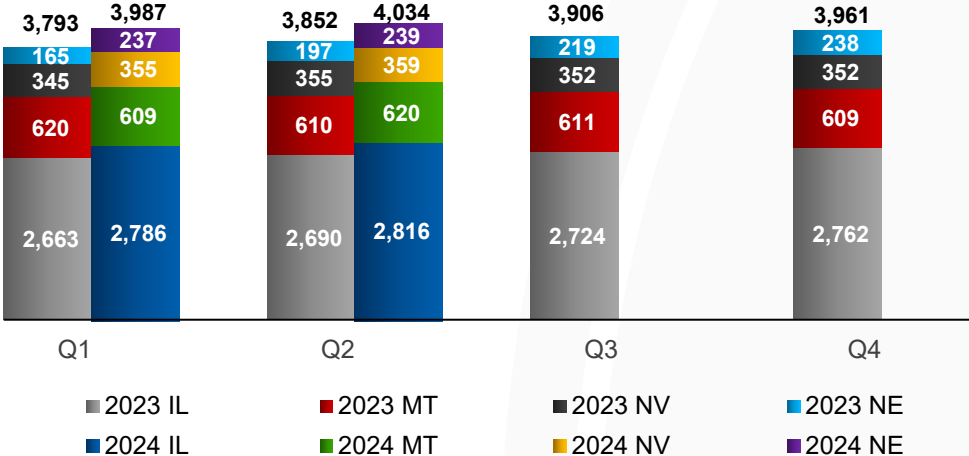
Q2 2024 Highlights

- Q2 2024 record revenue of \$309 million, an increase of 6% compared to Q2 2023
- Q2 2024 net income of \$15 million, an increase of 46% compared to Q2 2023
- Q2 2024 record Adjusted EBITDA⁽¹⁾ of \$50 million, an increase of 7% compared to Q2 2023
- Repurchased \$9 million of Accel Class A-1 Common Stock in Q2 2024, and \$133 million since the repurchase program was announced in November 2021⁽²⁾
- Announced acquisition of Fairmount Holdings, owner of the FanDuel Sportsbook & Horse Racing, which is expected to close in Q4 2024

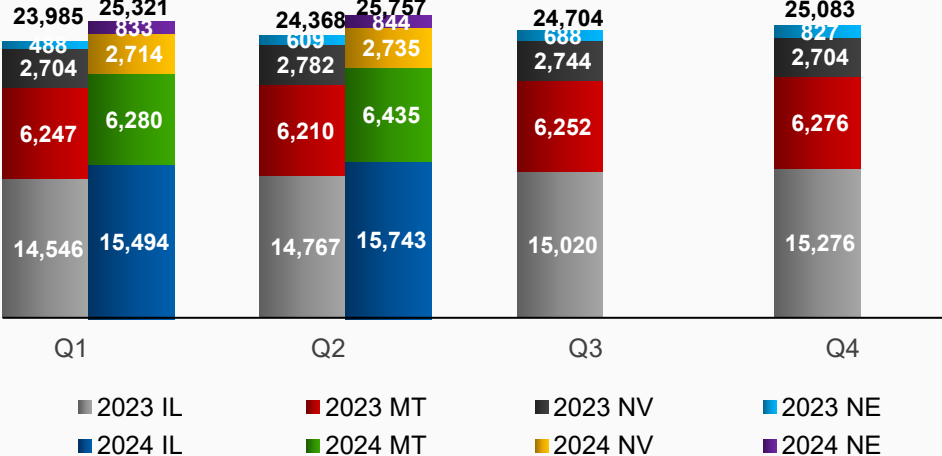
1. Adjusted EBITDA is a non-GAAP financial measure that may not be comparable to other similarly titled measures of other companies. Accel does not consider non-GAAP measures in isolation or as an alternative to similar financial measures determined in accordance with GAAP. For more information with respect to our non-GAAP financial measures, see page 2 "Use of Non-GAAP Financial Measures," and for a reconciliation of each of these measures to their most directly comparable GAAP measure, see page 10 "Non-GAAP to GAAP Reconciliation."
2. On November 22, 2021, the Company's Board of Directors approved a share repurchase program of up to \$200 million of shares of its Class A-1 common stock. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities. Under the repurchase program, repurchases can be made from time to time using a variety of methods, including open market purchases or privately negotiated transactions, in compliance with the rules of the United States SEC and other applicable legal requirements. The repurchase program does not obligate the Company to acquire any particular amount of shares, and the repurchase program may be suspended or discontinued at any time at the Company's discretion. As of June 30, 2024, the Company has purchased a total of 12,909,946 shares under the plan at a cost of \$133.4 million.

Accel Quarterly KPIs

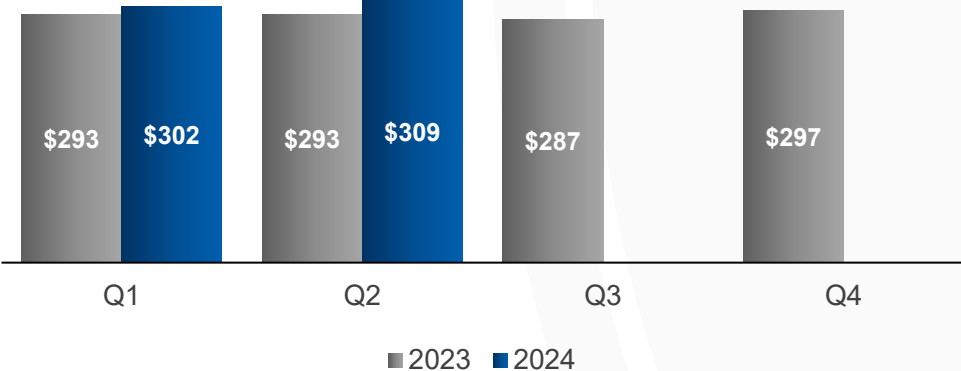
Locations (#)



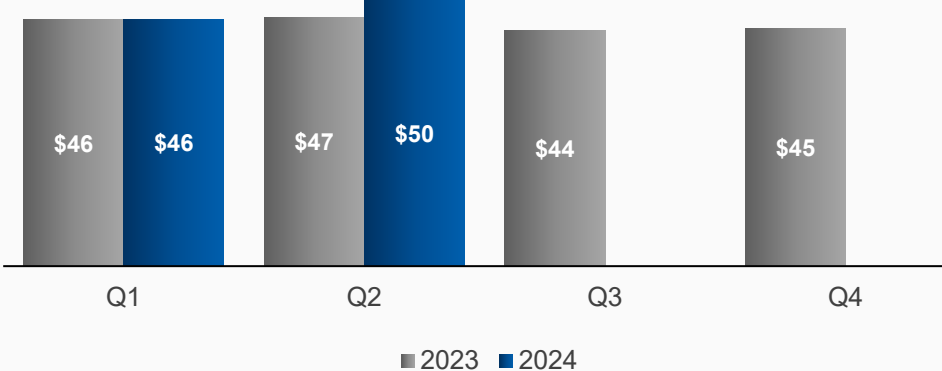
Terminals (#)



Revenue (\$ in millions)



Adjusted EBITDA⁽¹⁾ (\$ in millions)



¹ Adjusted EBITDA is a non-GAAP financial measure that may not be comparable to other similarly titled measures of other companies. Accel does not consider this Non-GAAP measure in isolation or as an alternative to similar financial measures determined in accordance with GAAP. For more information with respect to this Non-GAAP financial measure, see page 2 "Use of Non-GAAP Financial Measures," and for a reconciliation of this measure to its most directly comparable GAAP measure, see page 10 "Non-GAAP to GAAP Reconciliation."

2024 Results

\$ in millions, except %s

	Q2 2023	Q2 2024	% Change	YTD 2023	YTD 2024	% Change
Locations	3,852	4,034	5%	3,852	4,034	5%
Terminals	24,368	25,757	6%	24,368	25,757	6%
Revenue	\$293	\$309	6%	\$586	\$611	4%
Adj EBITDA	\$47	\$50	7%	\$93	\$96	3%
CapEx	\$20	\$18	-13%	\$42	\$38	-8%
Net Debt	\$285	\$311	9%	\$285	\$311	9%

Note: Numbers may not total due to rounding. Percent change may not recalculate due to rounding.

Historical Financial Summary

\$ in millions

	Twelve Months Ended				Three Months Ended		Q2	Six Months Ended		YTD
	December 31,				June 30,		YoY	June 30,		YoY
	2020	2021	2022	2023	2023	2024	Growth	2023	2024	Growth
No. of Locations	2,435	2,584	3,741	3,961	3,852	4,034	5%	3,852	4,034	5%
No. of Terminals	12,247	13,639	23,541	25,083	24,368	25,757	6%	24,368	25,757	6%
Net Gaming Revenue	301	706	925	1,114	278	293	6%	557	581	4%
Other Revenue	16	29	45	57	15	16	7%	29	30	3%
Gross Revenues	316	735	970	1,170	293	309	6%	586	611	4%
% YoY Growth	(26%)	132%	32%	21%		6%		4%		
Less: Cost of revenue (exclusive of amortization and depreciation expense shown below)	(211)	(494)	(671)	(817)	(204)	(216)	6%	(409)	(427)	4%
Gross Profit	105	241	299	353	88	93	5%	176	184	5%
% Margin	33%	33%	31%	30%	30%	30%		30%	30%	
Less: G&A Expenses	(77)	(111)	(146)	(180)	(44)	(47)	5%	(87)	(94)	8%
EBITDA	28	130	153	173	44	46	6%	89	90	1%
Adjusted EBITDA	34	140	162	181	47	50	7%	93	96	3%
% Margin	11%	19%	17%	16%	16%	16%		16%	16%	
% YoY Growth	(57%)	312%	16%	12%		7%		3%		
Less: Depreciation & amortization of property & equipment	(21)	(25)	(29)	(38)	(9)	(11)		(19)	(21)	
Less: Amortization of intangible assets and route and customer acquisition costs	(23)	(22)	(17)	(21)	(5)	(6)		(11)	(11)	
EBIT	(16)	83	106	114	29	30		60	58	
Less: Other expenses, net	(9)	(13)	(9)	(6)	(0)	(7)		(3)	(10)	
Less: Interest expense, net	(14)	(13)	(22)	(33)	(8)	(9)		(16)	(18)	
Less: Income tax benefit (expense)	17	(15)	(21)	(20)	(6)	(4)		(12)	(9)	
Less: (Loss) gain on change in fair value of contingent earnout shares	8	(10)	20	(9)	(5)	5		(9)	0	
Less: (Loss) gain on change in fair value of warrants	13	--	--	--	--	--		--	--	
Less: Loss on debt extinguishment	--	(1)	--	--	--	--		--	--	
Reported Net Income (Loss)	(0)	32	74	46	10	15		19	22	
Adjusted Net Income	6	71	80	83	20	21		41	41	

Note: Numbers may not total due to rounding.

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Accel Balance Sheet

\$ in millions

	December 31, 2023	June 30, 2024
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents	\$262	\$255
Other current assets	51	67
Total current assets	\$313	\$322
Property and equipment, net	261	276
Route and customer acquisition costs, net	19	24
Location contracts acquired, net	176	181
Goodwill	102	102
Other assets	42	45
Total assets	\$913	\$950
Liabilities and Stockholders' Equity		
<i>Current liabilities:</i>		
Short term debt and current maturities	\$28	\$28
Accrued state and location gaming expense	28	26
Other current liabilities	53	51
Total current liabilities	\$110	\$106
<i>Long-term liabilities:</i>		
Long-term debt	\$514	\$537
Contingent earnout share liability	32	32
Other liabilities	59	66
Total liabilities	\$714	\$741
Total stockholders' equity	\$198	\$209
Total liabilities and stockholders' equity	\$913	\$950

Note: Numbers may not total due to rounding.

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Definition of Non-GAAP Financial Measures

Accel uses non-GAAP measures as a key performance measure of the results of operations for purposes of evaluating performance internally. Management believes that these non-GAAP measures of financial results enhance the understanding of Accel's underlying drivers of profitability and trends in Accel's business and facilitate company-to-company and period-to-period comparisons, because these non-GAAP financial measures exclude the effects of certain non-cash items or represent certain nonrecurring items that are unrelated to core performance. Management of Accel also believes that these non-GAAP financial measures are used by investors, analysts and other interested parties as measures of financial performance and to evaluate Accel's ability to fund capital expenditures, service debt obligations and meet working capital requirements.

Adjusted net income is defined as net income (loss) plus:

- Amortization of intangible assets and route and customer acquisition costs
- Stock-based compensation expense
- (Loss) gain on change in fair value of contingent earnout shares
- (Loss) gain on change in fair value of warrants
- Other expenses, net – consists of (i) non-cash expenses including the remeasurement of contingent consideration liabilities, (ii) non-recurring lobbying and legal expenses related to distributed gaming expansion in current or prospective markets, and (iii) other non-recurring expenses
- Tax effect of adjustments

Adjusted EBITDA is defined as net income (loss) plus:

- Amortization of intangible assets and route and customer acquisition costs
- Stock-based compensation expense
- (Loss) gain on change in fair value of contingent earnout shares
- (Loss) gain on change in fair value of warrants
- Other expenses, net
- Tax effect of adjustments
- Depreciation and amortization of property and equipment
- Interest expense
- Emerging markets – reflects the results, on an Adjusted EBITDA basis, for non-core jurisdictions where our operations are developing
 - Markets are no longer considered emerging when we have installed or acquired at least 500 gaming terminals in the jurisdiction, or when 24 months have elapsed from the date we first install or acquire gaming terminals in the jurisdiction, whichever occurs first
 - We currently view Pennsylvania as an emerging market
 - Prior to January 2024, Iowa was considered an emerging market
 - Prior to April 2023, Nebraska was considered an emerging market
- Income tax expense
- Loss on debt extinguishment

EBIT is defined as EBITDA less:

- Depreciation and amortization of property and equipment
- Amortization of intangible assets and route and customer acquisition costs

Capex is defined as purchases of property and equipment, net of proceeds from sales

Net debt is defined as debt, net of current maturities plus:

- Current maturities of debt less cash and cash equivalents

Non-GAAP to GAAP Reconciliation

\$ in millions

	Twelve Months Ended				Three Months Ended		Six Months Ended	
	December 31,				June 30,		June 30,	
	2020	2021	2022	2023	2023	2024	2023	2024
Reported Net Income (Loss)	(0)	32	74	46	10	15	19	22
(+) Amortization of intangible assets and route and customer acquisition costs	23	22	17	21	5	6	11	11
(+) Stock-based compensation expense	6	6	7	9	3	3	4	6
(+) (Loss) gain on change in fair value of contingent earnout shares	(8)	10	(20)	9	5	(5)	9	(0)
(+) (Loss) gain on change in fair value of warrants	(13)	–	–	–	–	–	–	–
(+) Other expenses, net	9	13	9	6	0	7	3	10
(+) Tax effect of adjustments	(10)	(11)	(8)	(9)	(2)	(5)	(5)	(7)
Adjusted Net Income	6	71	80	83	20	21	41	41
(+) Depreciation and amortization of property & equipment	21	25	29	38	9	11	19	21
(+) Interest expense, net	14	13	22	33	8	9	16	18
(+) Emerging markets	1	3	3	(1)	0	0	(1)	0
(+) Income tax (benefit) expense	(7)	26	29	29	8	9	17	16
(+) Loss on debt extinguishment	–	1	–	–	–	–	–	–
Adjusted EBITDA	34	140	162	181	47	50	93	96

	Three Months Ended				Three Months Ended	
	March 31,	June 30,	Sep. 30,	Dec. 31,	March 31,	June 30,
	2023	2023	2023	2023	2024	2024
Reported Net Income	9	10	10	16	7	15
(+) Amortization of intangible assets and route and customer acquisition costs	5	5	5	5	5	6
(+) Stock-based compensation expense	2	3	3	2	2	3
(+) (Loss) gain on change in fair value of contingent earnout shares	5	5	2	(3)	5	(5)
(+) Other expenses, net	3	0	2	1	2	7
(+) Depreciation & amortization of property & equipment	9	9	9	10	10	11
(+) Interest expense, net	8	8	8	9	9	9
(+) Emerging markets	(1)	0	(0)	(0)	0	0
(+) Income tax expense	6	6	5	3	5	4
(+) Loss on debt extinguishment	–	–	–	–	–	–
Adjusted EBITDA	46	47	44	45	46	50

	June 30,	
	2023	2024
Debt, net of current maturities	490	537
(+) Current maturities of debt	28	28
(-) Cash and cash equivalents	(233)	(255)
Net Debt	285	311

Note: Numbers may not total due to rounding.