



Association of Gaming Equipment Manufacturers

IMPACT ANALYSIS

GLOBAL GAMING SUPPLIER INDUSTRY | 2021

1	2	3	4	5
SUMMARY OF FINDINGS	ECONOMIC IMPACT METHODOLOGY	ECONOMIC IMPACTS: GLOBALLY	ECONOMIC IMPACTS: COMPANIES IN NEVADA	AGEM MEMBER SURVEY
<i>Page 2</i>	<i>Page 7</i>	<i>Page 11</i>	<i>Page 16</i>	<i>Page 21</i>

Notes: All currency values contained in this analysis are stated in nominal (year-of-expenditure) dollars. Values are also stated in US dollars, so foreign currency translation may also impact reported results. This analysis reflects a snapshot in time and may not be comparable to prior studies given the evolving nature of the industry. The latest report incorporates the most recent available information regarding the industry as whole and the companies operating within the market space. The current report is not necessarily comparable to prior editions due to a number of factors. The industry has continued to evolve as technological advancements and expansions of product offerings have taken place, casting a wider net for the industry in aggregate. Content providers have also become an increasingly integral component of the industry. It is also worth noting that privately-held firms that were acquired by publicly-traded companies have provided additional insight into the size of this historically unreported segment of the market. Overall, the current research provides the most comprehensive reporting on the industry.



Summary of Findings

Global Gaming Suppliers Generate Meaningful Economic Impacts

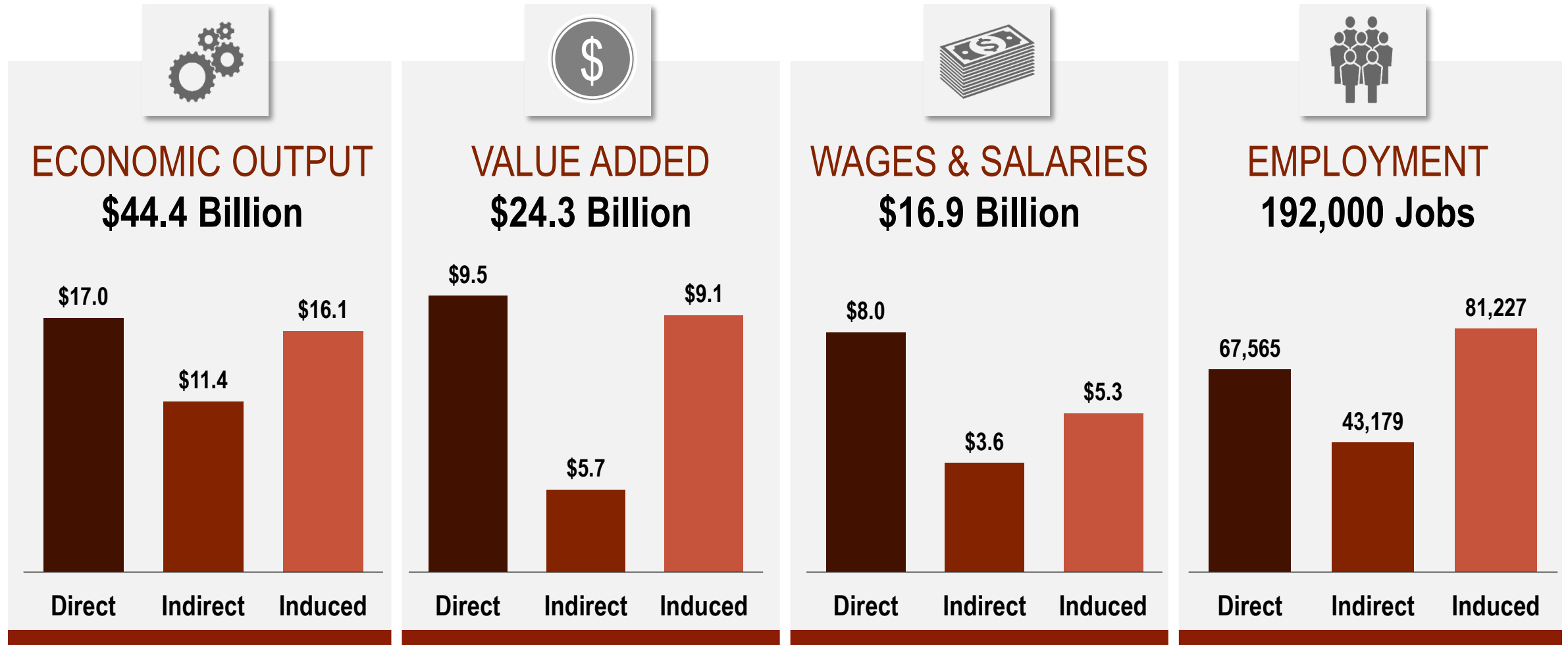
During the past three years, the global economy has been impacted by the COVID-19 health crisis and related response. The performance of the global gaming supplier industry was similarly impacted. Importantly, the industry has historically proven its ability to innovate and expand; today is no different. While gaming suppliers were negatively impacted during the economic downturn that commenced in 2020, the sector demonstrated its ability to cover lost ground in 2021 by increasing overall economic activity with double-digit gains. While the results for 2022 have yet to be reported by key suppliers within the industry, the expectation is that the recovery trend continued in 2022.

Despite the volatility of the past, the economic impacts sourced to the industry demonstrate the meaningful contributions made by gaming manufacturers in the communities in which they do business.

- **Economic Output:** The global gaming supplier industry directly generated approximately \$17 billion in economic output during 2021. When the ripple effect of those impacts are considered, total output reached over \$44 billion, which represented a 14.9 percent increase from 2020.
- **Value Added:** Limiting the economic impact to the amount of value added, the total impacts (including indirect and induced) equated to \$24 billion in 2021, an increase of 16.8 percent from the prior year.
- **Wages and Salaries:** Employers paid nearly \$8 billion in direct wages to employees, while total earnings throughout the economy reached nearly \$17 billion in 2021 (+14.7 percent).
- **Employment:** Direct jobs in the industry reached nearly 68,000, and the multiplier effect resulted in nearly 192,000 positions around the globe in 2021 (+4.2 percent).

Summary of Findings: Economic Impacts in 2021

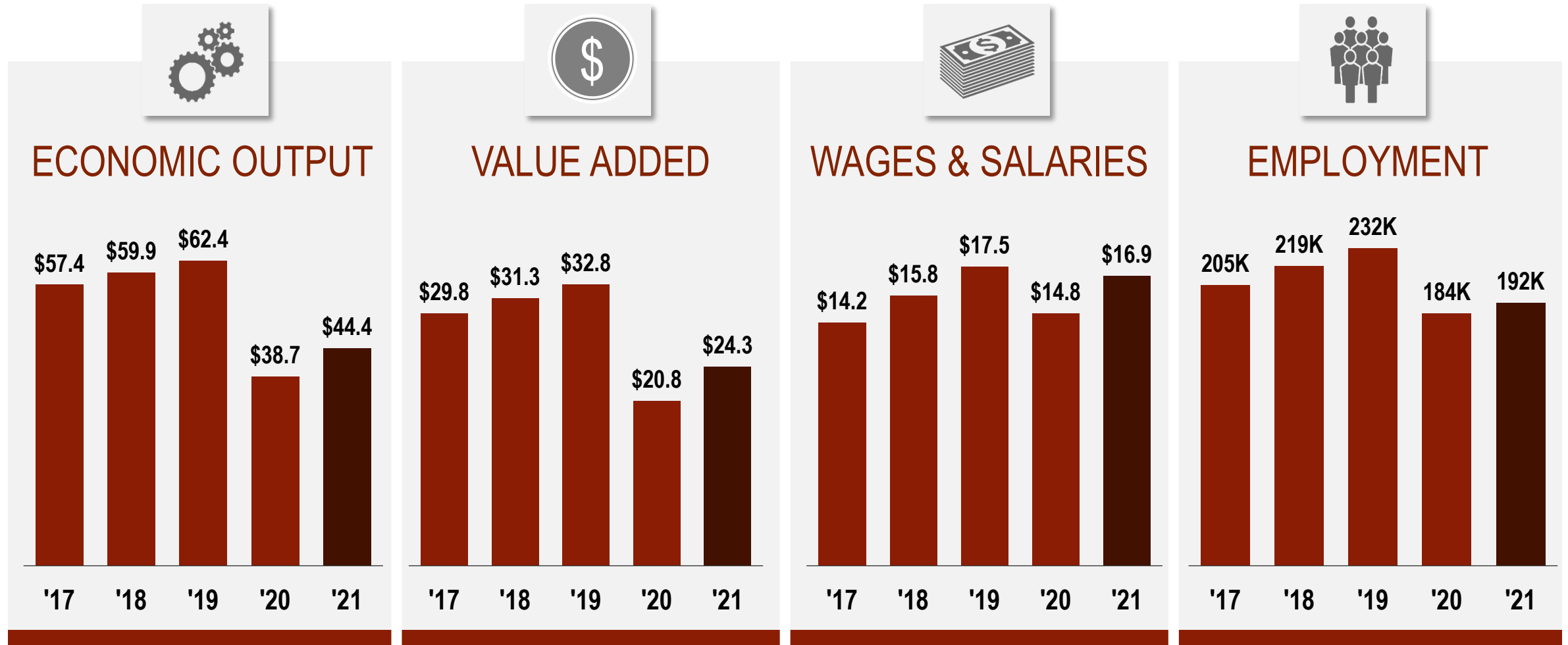
Global Gaming Suppliers Generate Meaningful Economic Impacts



Notes: Currency expressed nominal (year-of-expenditure) dollars in billions; totals may not sum due to rounding.

Summary of Findings: Historical Impacts

Global Gaming Suppliers Generate Meaningful Economic Impacts



Notes: Currency expressed nominal (year-of-expenditure) dollars in billions; totals may not sum due to rounding.

Summary of Findings

Suppliers with a Presence in Nevada are Significant

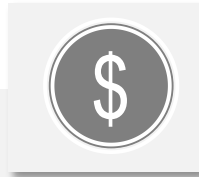
While the impact of the global gaming industry spans a number of domestic and international markets, the state of Nevada is a key market in which suppliers conduct business. Companies that are either headquartered in Nevada or have some operations in the Silver State account for a meaningful share of industry-wide activity. Companies doing business in Nevada generated \$8.3 billion in direct global economic output (\$21.7 billion in total output). Other impact measures include \$11.9 billion in total value added, \$5.9 billion in wages and salaries and over 67,000 employees.



ECONOMIC OUTPUT

\$21.7 Billion

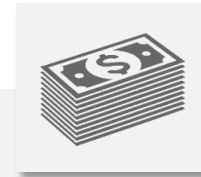
(+23.1% vs. 2020)



VALUE ADDED

\$11.9 Billion

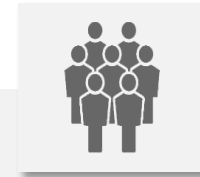
(+21.6% vs. 2020)



WAGES & SALARIES

\$5.9 Billion

(+15.6% vs. 2020)



EMPLOYMENT

67,200 Jobs

(+5.0% vs. 2020)

Note: Nevada impacts reflect the global impact of companies that are either headquartered in Nevada or have some operations in the state; this is not to suggest these are the impacts taking place within the state of Nevada.



Economic Impact Analysis

Objective and Overview

OBJECTIVES

- To quantify the economic impacts of the global gaming supplier industry.
- To conduct a sentiment and research survey to gauge the gaming equipment manufacturing industry's perception of the market and other operational considerations.

TYPES OF ANALYSES

- **Economic Impacts**
 - Economic output
 - Value added
 - Wages and salaries
 - Employment
- **Sentiment/Survey**
 - Current performance
 - Expectation for the future

DATA SOURCES

- Public company filings (financial reports)
- AGEM member survey
- Applied Analysis
- IMPLAN (Impact Analysis for Planning Software)

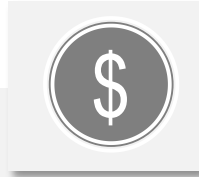
Economic Impact Analysis

Types of Impacts



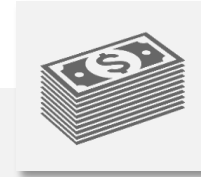
ECONOMIC OUTPUT

Impact of
total spending
within the economy



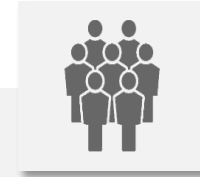
VALUE ADDED

Difference between
industry output and
the cost of its inputs



WAGES & SALARIES

Impact on
personal incomes
for employees



EMPLOYMENT

Impact on the
number of jobs
within the economy

DIRECT

Generated by
direct spending of the
global gaming
supplier industry

INDIRECT

Secondary impacts
generated by businesses
supporting the economic
activities of the industry
(supplier purchases)

INDUCED

Sourced to businesses
that are supported
by the spending of
direct employees
(employee spending)

TOTAL

The sum of
direct, indirect and
induced impacts

Economic Impact Analysis

Methodology

IMPLAN MODEL

- 1 of 3 nationally recognized impact analysis software tools
- Developed by Minnesota IMPLAN Group, Inc. and used by more than 1,000 public and private institutions
- IMPLAN is an input-output model that utilizes complex economic equations to explain how the outputs of one industry become the inputs of others, and vice versa
- This relationship is sometimes referred to as the multiplier effect, illustrating how changes in one sector of the economy can affect other sectors

LIMITATIONS AND ASSUMPTIONS

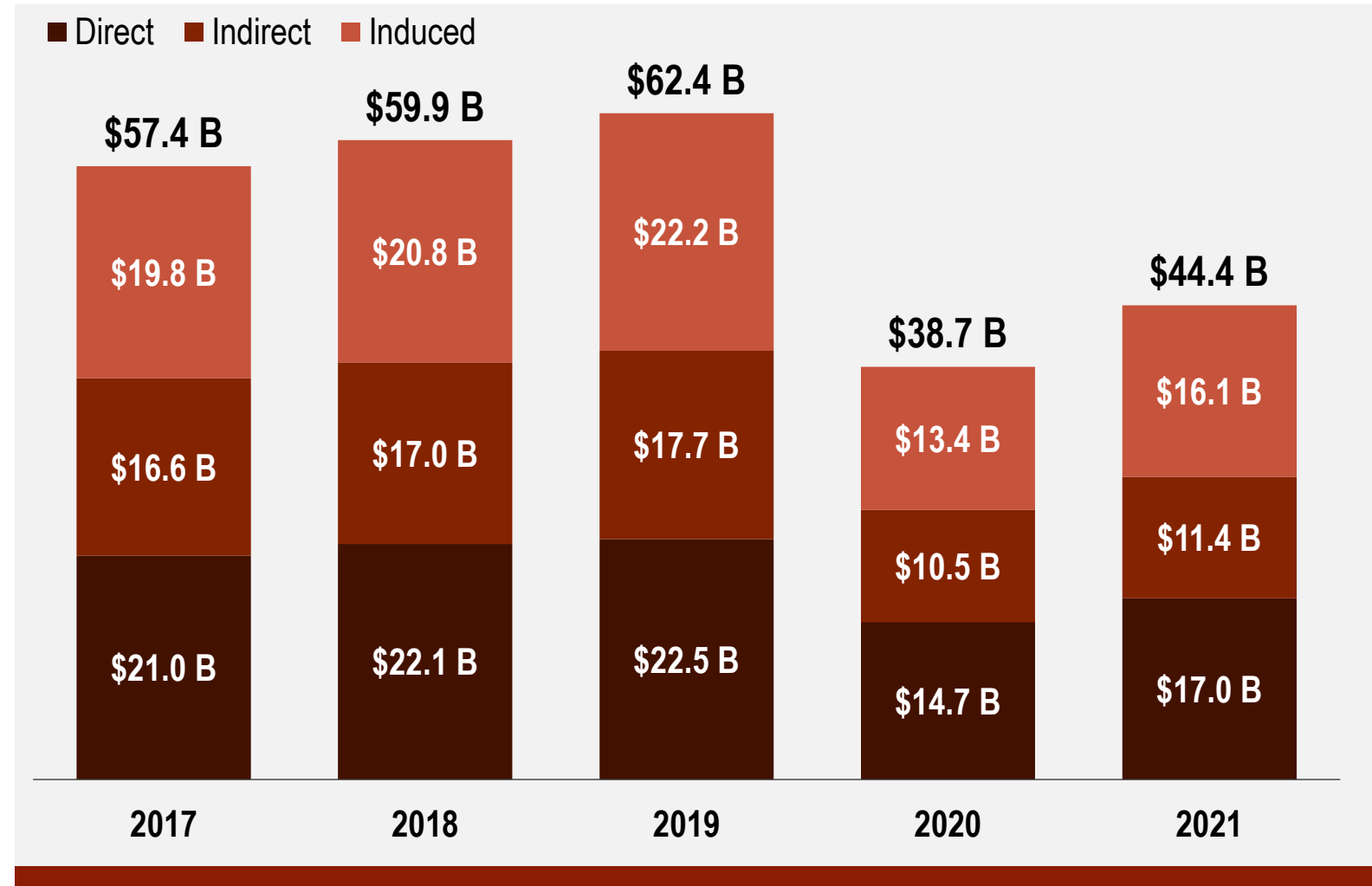
- Input-output models, as is the case with all econometric models, are not without their limitations; the statistical model used in this analysis, IMPLAN, for example, assumes that capital and labor are used in fixed proportions
- This means that for every job created or lost, a fixed change in investment, income and employment results
- In reality, businesses, consumers and governments respond to stimuli in complex ways, including changing the mix of capital, labor or the types and frequencies of investment
- Importantly, each impacting force has its own unique characteristics, affecting how consumers and businesses respond to the given change



Historical Economic Output Impact

Economic Output

- Direct output (revenue) sourced to the global gaming supplier industry increased to \$17.0 billion in 2021, reflecting a growth rate of 15.2 percent from 2020.
- In addition to direct output, indirect output generated \$11.4 billion, while induced activity sourced to the industry rose to \$16.1 billion in 2021.
- Combined, the industry generated \$44.4 billion in economic output during 2021, reflecting an increase of 14.9 percent from 2020.

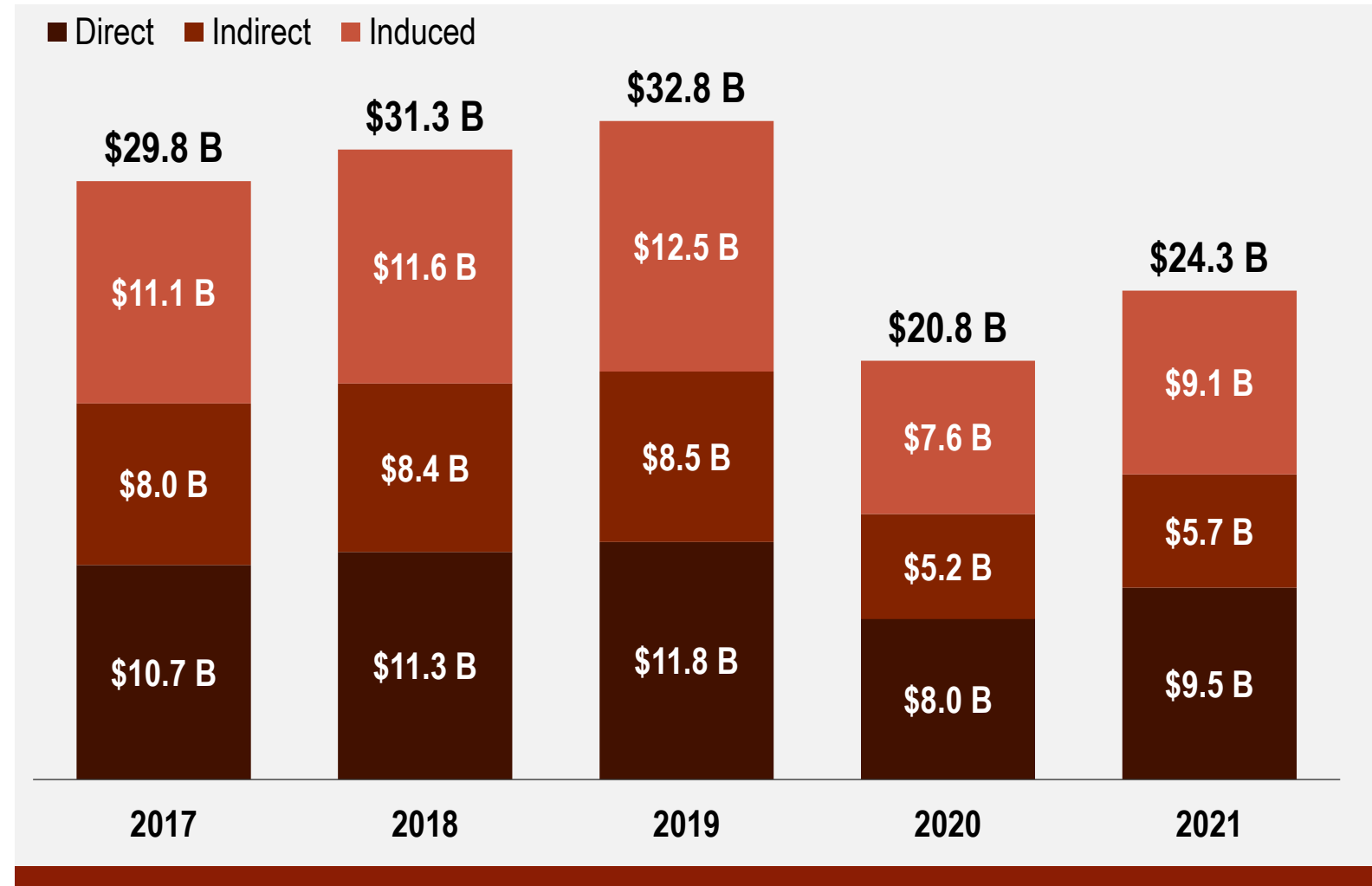


Source: Applied Analysis and IMPLAN. Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.

Historical Value Added Impact

Value Added

- Value added is an economic concept similar to gross domestic product (total output less cost of inputs). During 2021, direct value added for the industry totaled \$9.5 billion (+19.5 percent from 2020).
- In addition to direct value added, another \$14.8 billion in indirect and induced value added was supported by the industry.
- Total value added of gaming suppliers reached \$24.3 billion, representing an increase of 16.8 percent from the prior year.

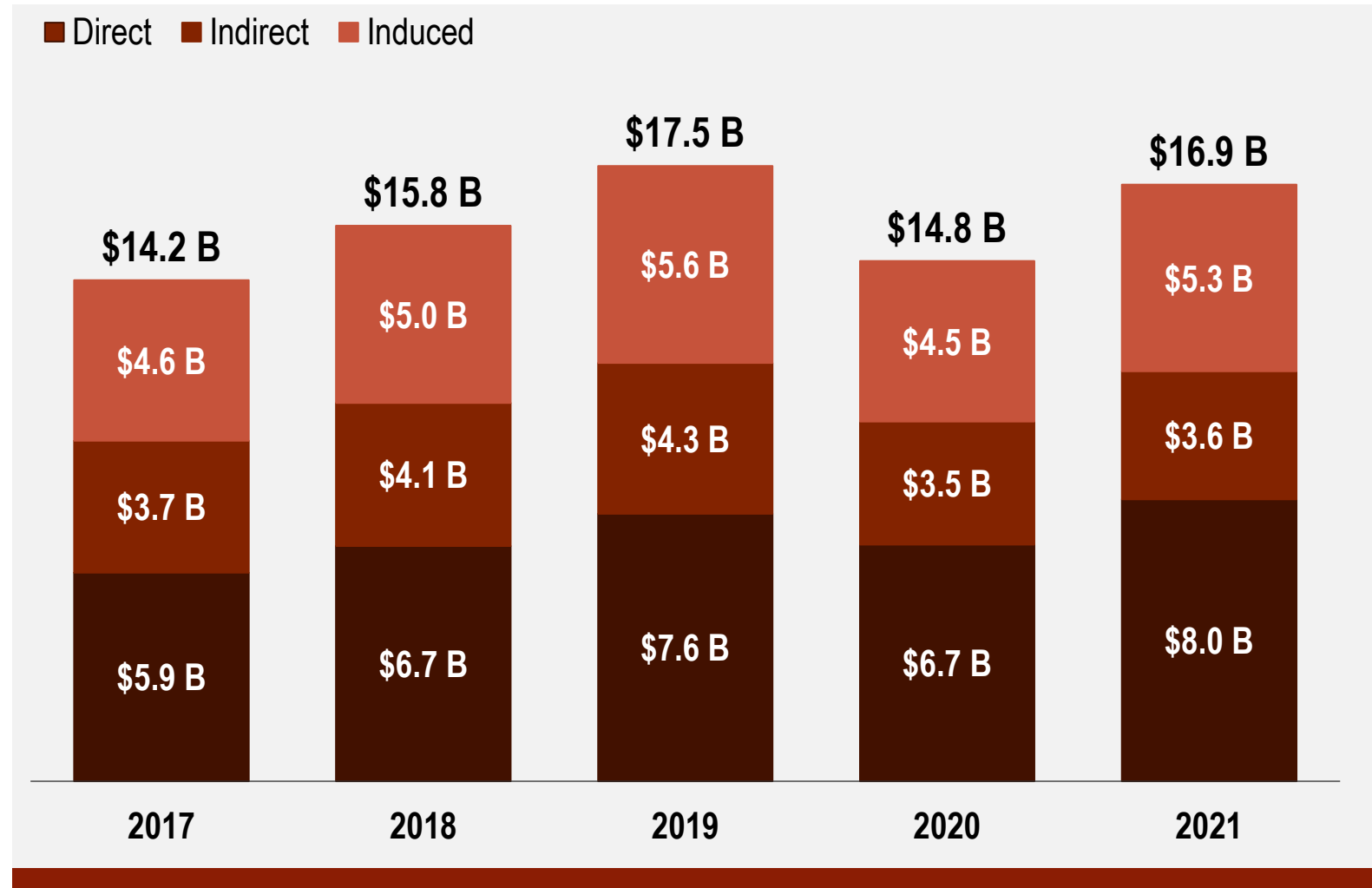


Source: Applied Analysis and IMPLAN. Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.

Historical Wages and Salaries Impact

Wages and Salaries

- Employers within the global gaming supplier industry paid approximately \$8.0 billion in direct wages and salaries to their employees during 2021, a 19.2 percent increase compared to 2020.
- Indirect and induced wages and salaries accounted for another \$8.9 billion in person incomes.
- In total, the industry supported \$16.9 billion in wages and salaries during 2021, an increase of 14.7 percent from the prior year.

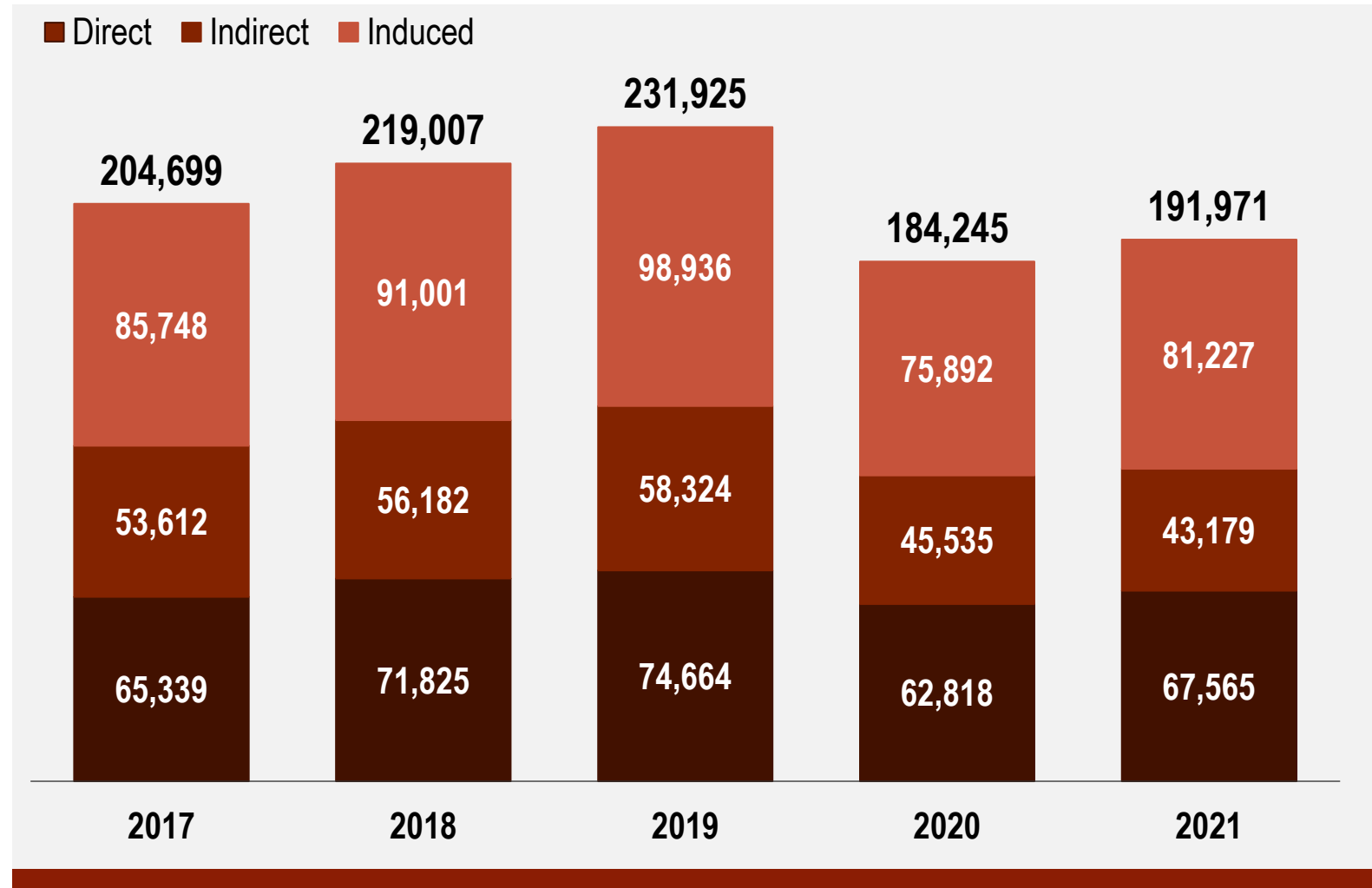


Source: Applied Analysis and IMPLAN. Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.

Historical Employment Impact

Employment

- Direct employment within the gaming supplier industry totaled approximately 67,600 during 2021, which reflected an increase of 7.6 percent from 2020.
- The combined employment impacts, inclusive of indirect and induced impacts, reached approximately 192,000 during the latest reporting period (+4.2 percent).
- The average direct wage per employee reached approximately \$118,320 in 2021.



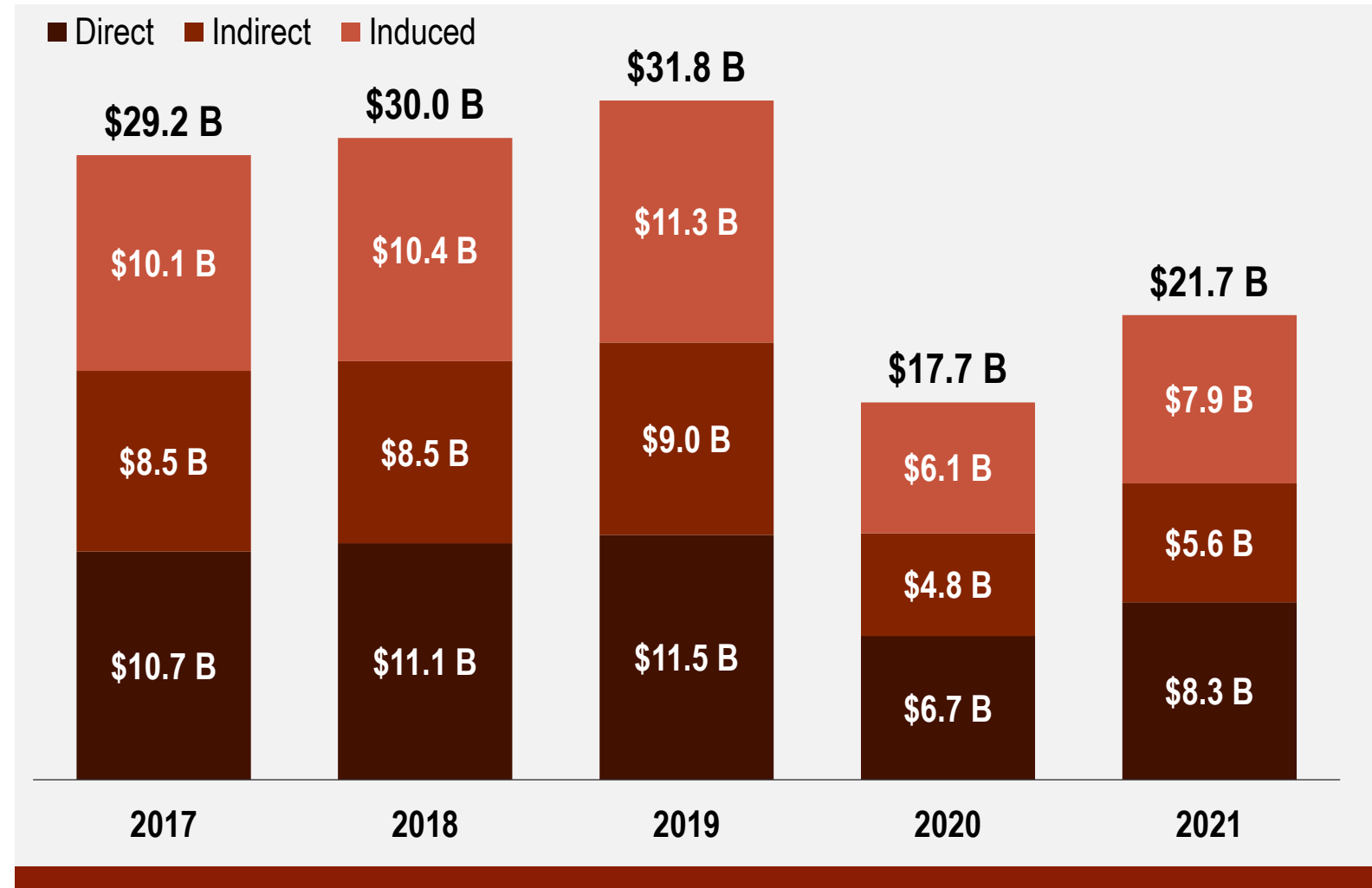
Source: Applied Analysis and IMPLAN. Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



Historical Economic Output Impact

Economic Output

- Total output (revenue) for companies with operations in Nevada reached \$21.7 billion in 2021, which represented a 23.1 percent increase from the prior year.

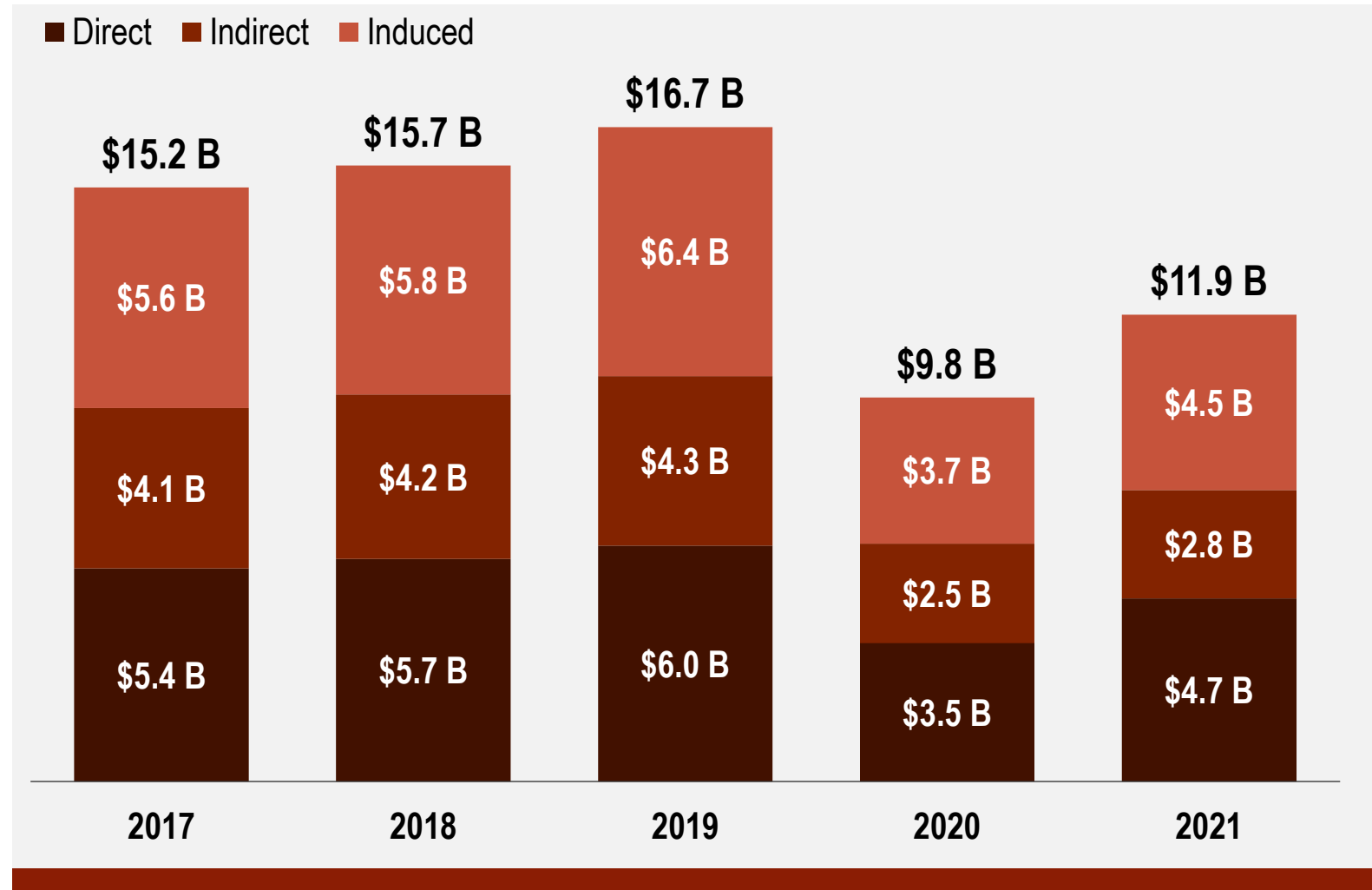


Source: Applied Analysis and IMPLAN. Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.

Historical Value Added Impact

Value Added

- Total value added by companies that housed operations in Nevada reached \$11.9 billion in 2021, reflecting an increase of 21.6 percent from 2020.

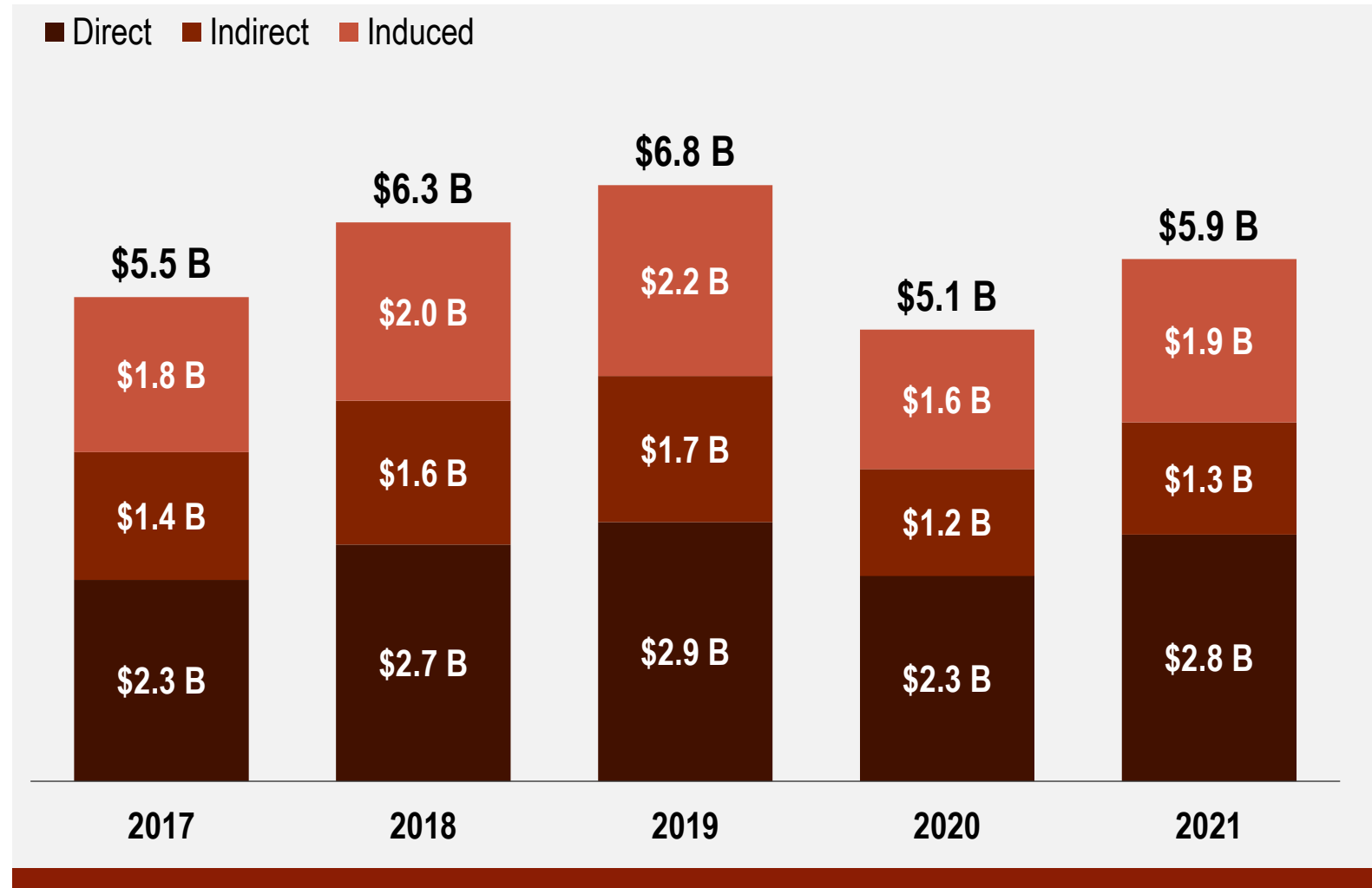


Source: Applied Analysis and IMPLAN. Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.

Historical Wages and Salaries Impact

Wages and Salaries

- Total wages and salaries supported by companies with Nevada operations reached \$5.9 billion in 2021, an increase of 15.6 percent over the year.

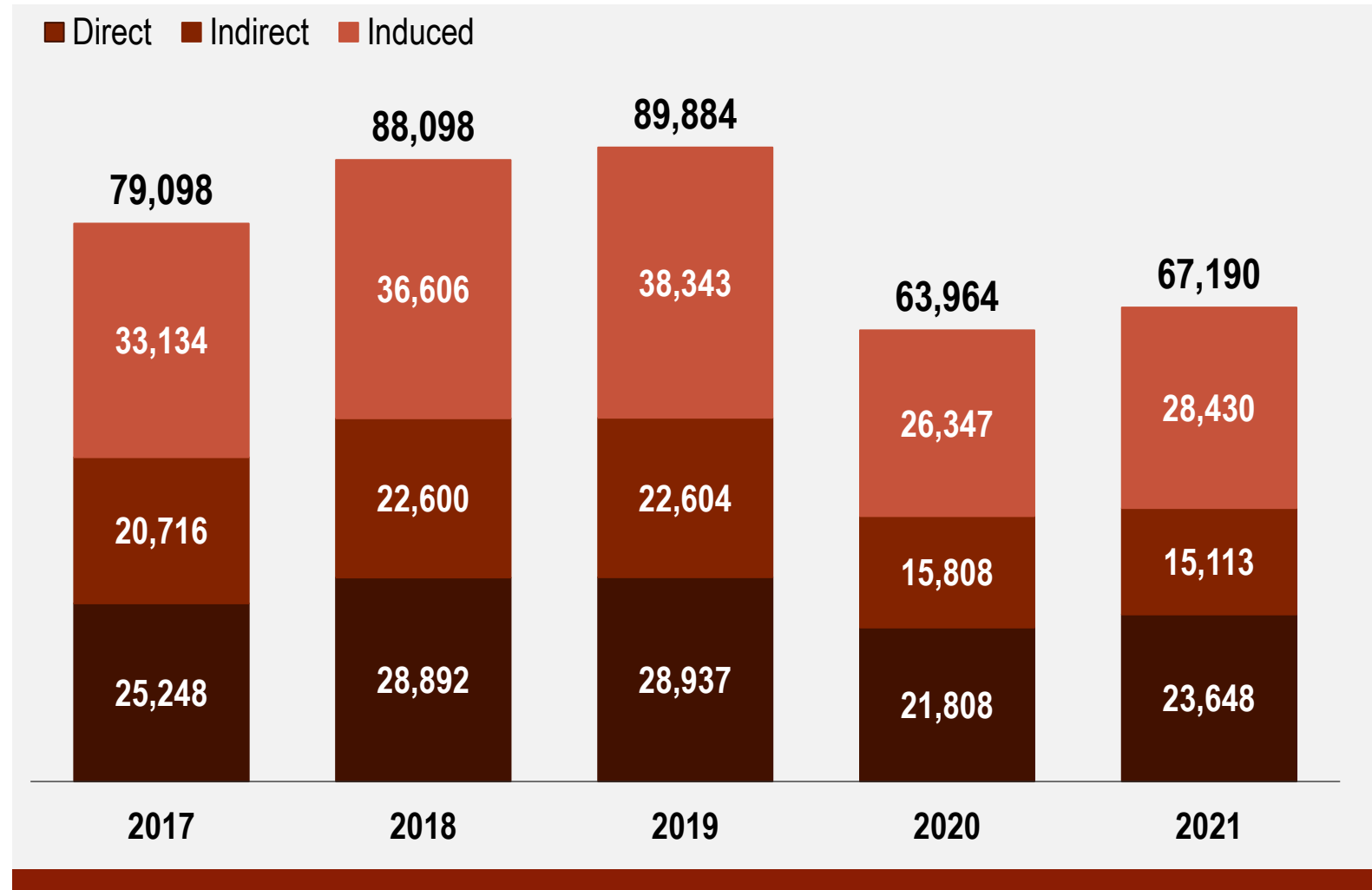


Source: Applied Analysis and IMPLAN. Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.

Historical Employment Impact

Employment

- Employment within the gaming supplier industry reached nearly 67,200 in 2021 for companies that had operations in the Silver State.



Source: Applied Analysis and IMPLAN. Notes: Currency expressed in nominal (year-of-expenditure) dollars; totals may not sum due to rounding.



AGEM Membership Survey

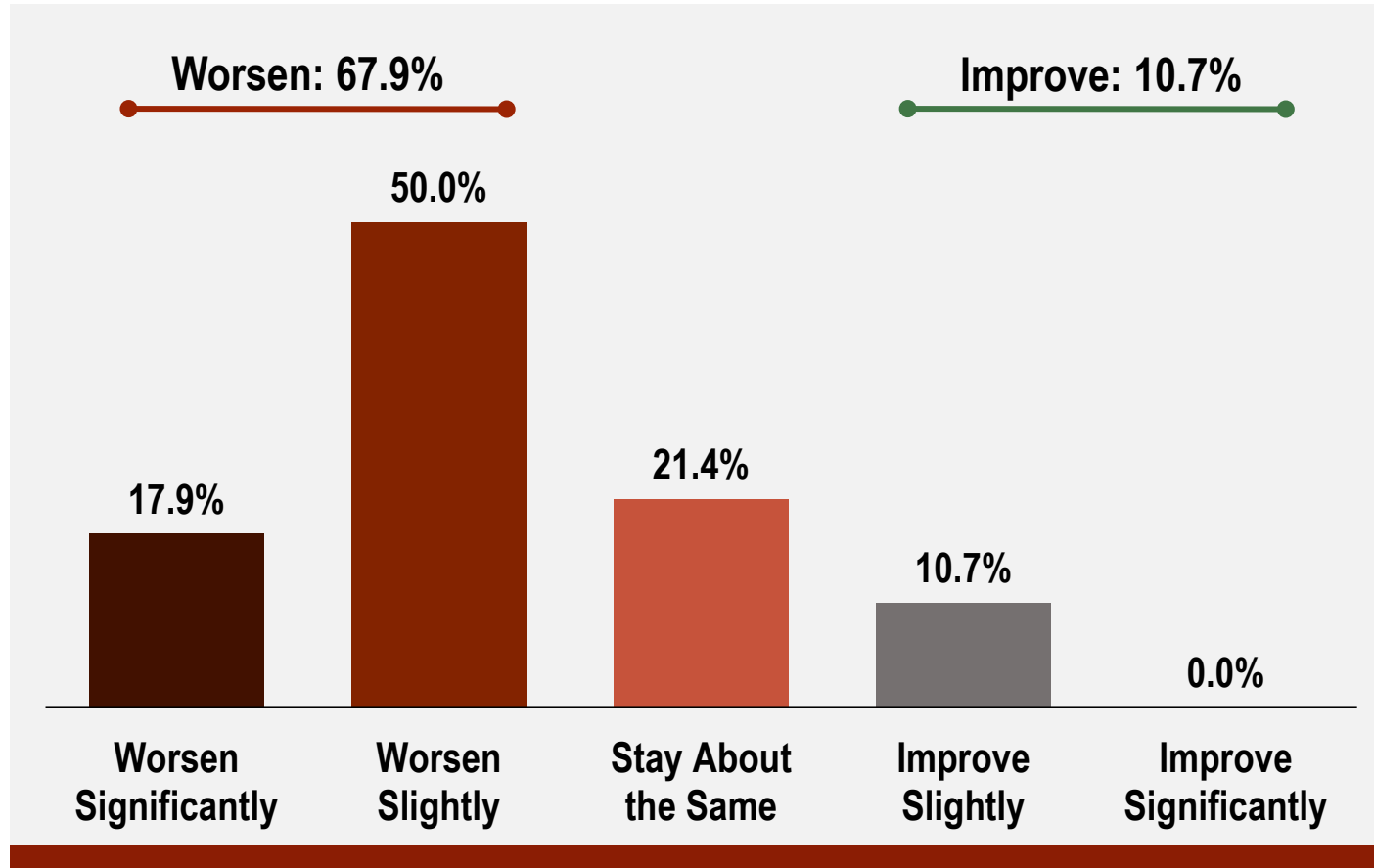
METHODOLOGY

- Applied Analysis worked cooperatively with AGEM's membership to conduct a sentiment and research survey to gauge the gaming supplier industry's perception of the market and other key operational attributes.
- The survey was conducted online between October and December 2022; individual member results to remain confidential.
- Respondents included chief executives, senior management and other leadership positions at various gaming industry suppliers around the world.

OVERVIEW

- Expectations for the future of the economy was somewhat pessimistic with two-thirds of industry professionals expecting conditions to worsen in the next 12 months.
- Despite concerns about the broader economy, the industry remains bullish on the prospects for demand for its products in 2023.
- The industry showed great resilience in response to the COVID-19 pandemic as 96 percent of respondents indicated that they had recovered to some extent. Just under half (46 percent) of respondents are fully recovered.

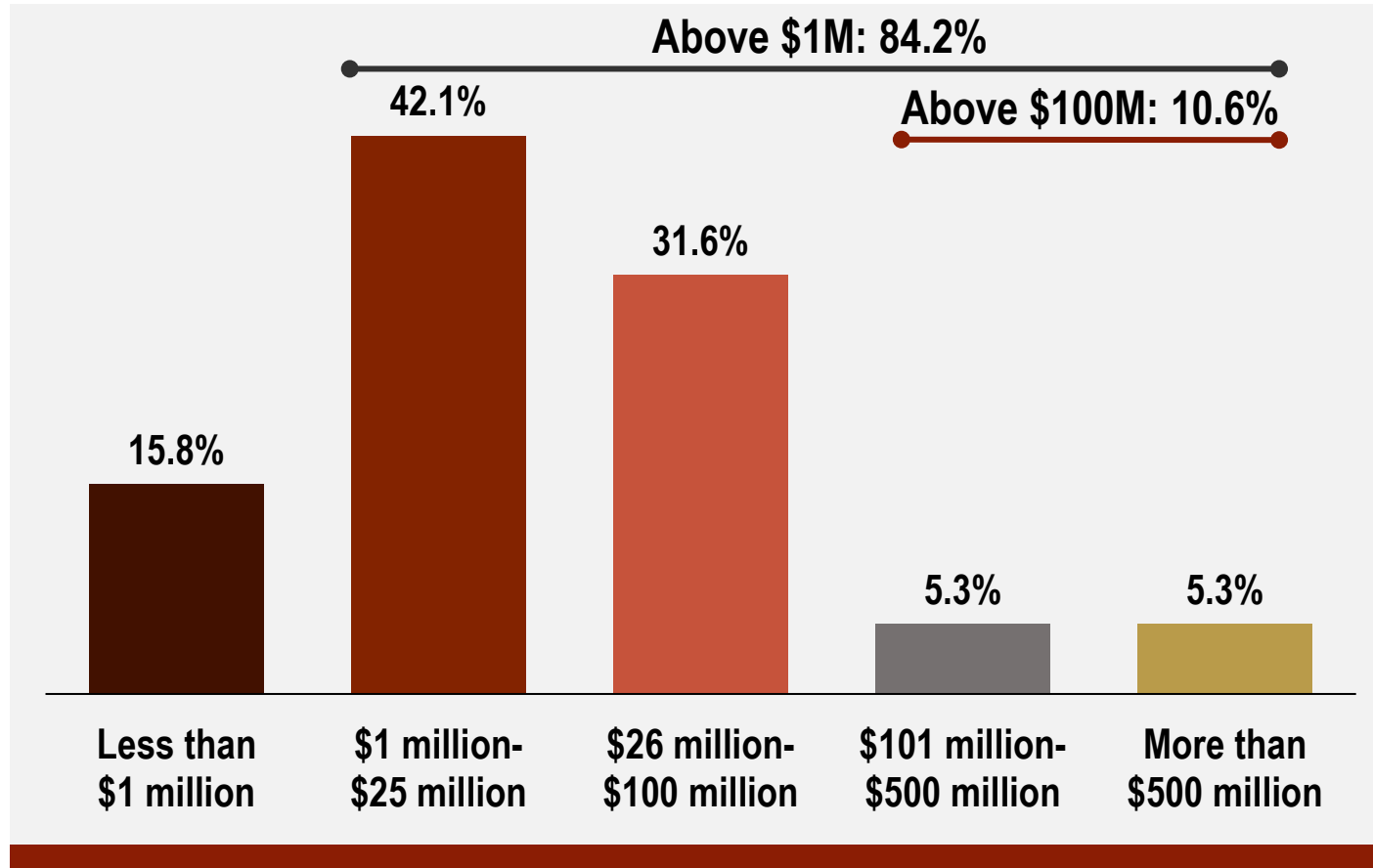
Looking forward, which of the following statements is most consistent with your expectations of economic conditions during the next 12 months?



- Nearly one-tenth of respondents expect the economic conditions to improve slightly
- One-fifth of respondents believe economic conditions will stay about the same
- About two-third of respondents think that economic conditions will worsen in the coming year

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

What was your company's gross revenue in 2021?

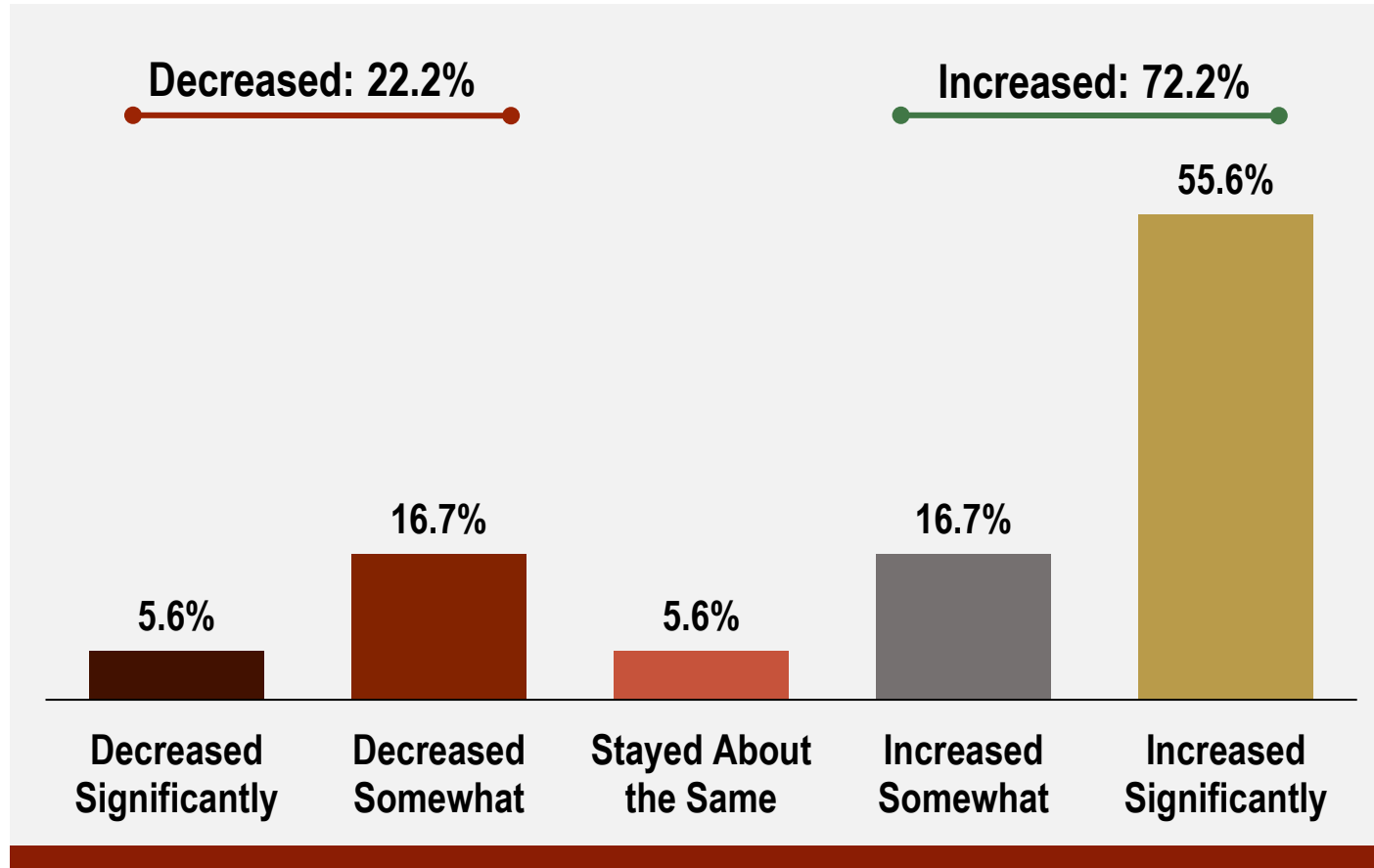


- The largest share of respondents indicated their company's gross revenue was between \$1 million and \$25 million in 2021
- 1 out of 20 respondents reported revenues were greater than \$500 million

(This question only asked among privately held companies)

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

During 2021, did your company's gross revenue increase, decrease or stay about the same from 2020?

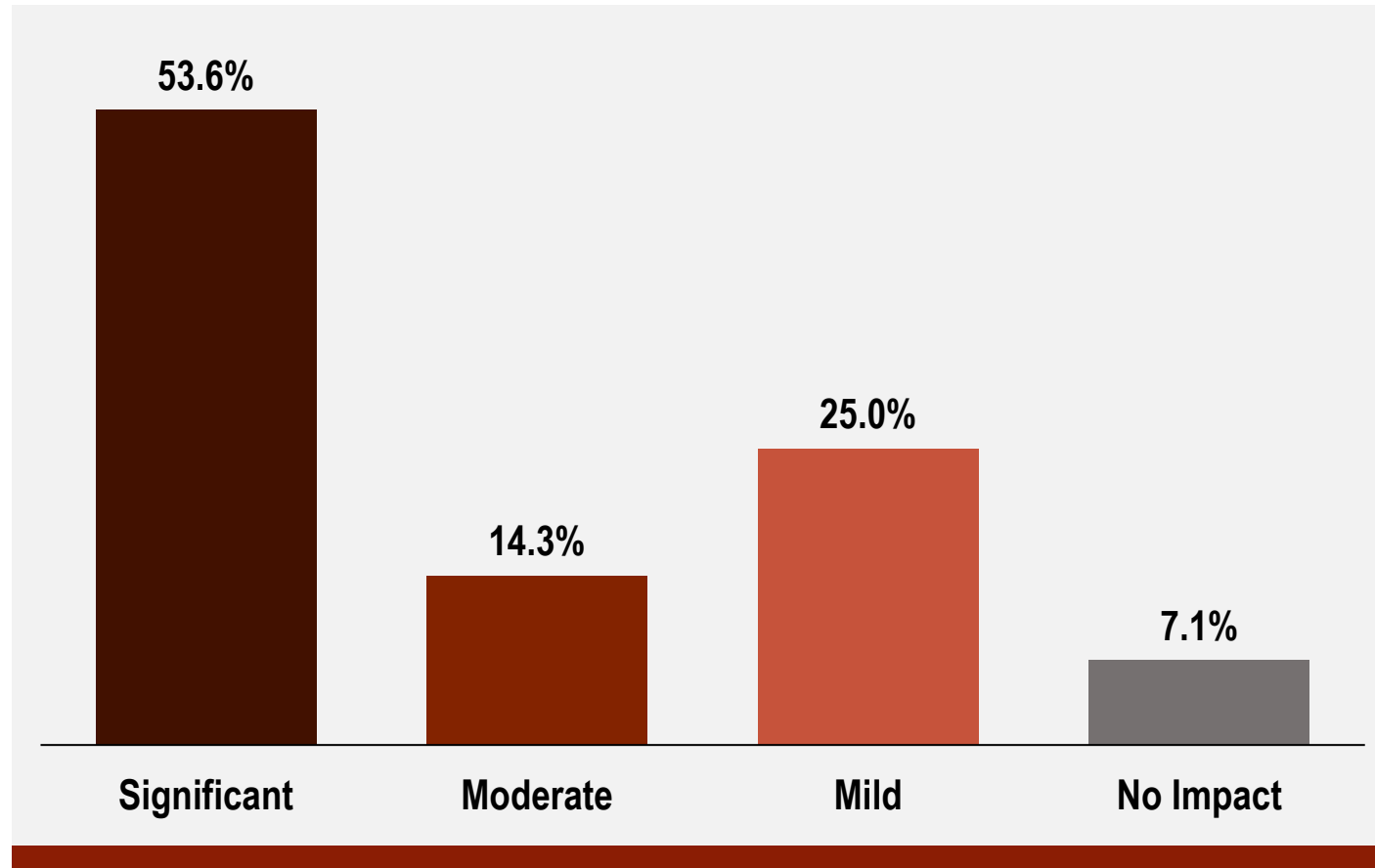


- More than 7 out of 10 respondents indicated that their company revenue increased in 2021
- Over half of the respondents noted that revenue increased significantly (greater than 10 percent growth)

(This question only asked among privately held companies)

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

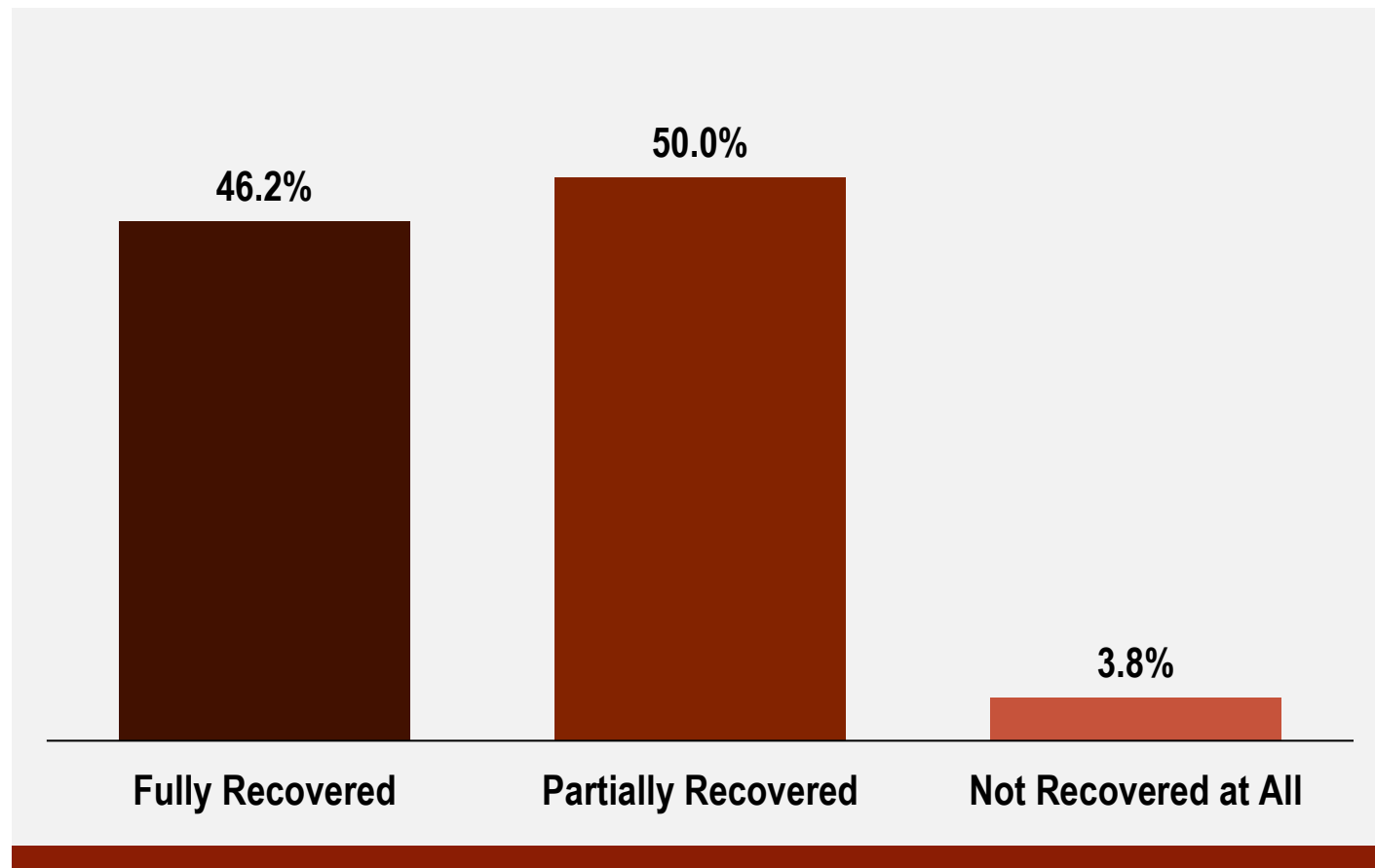
How significant was the impact of the COVID-19 pandemic on the operations of your company?



- Over 9 out of 10 respondents indicated that they felt some impact from the COVID-19 pandemic
- Over half of respondents indicated that the impact was significant

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

Has your company fully recovered, partially recovered or not recovered at all from the impacts of the COVID-19 pandemic?

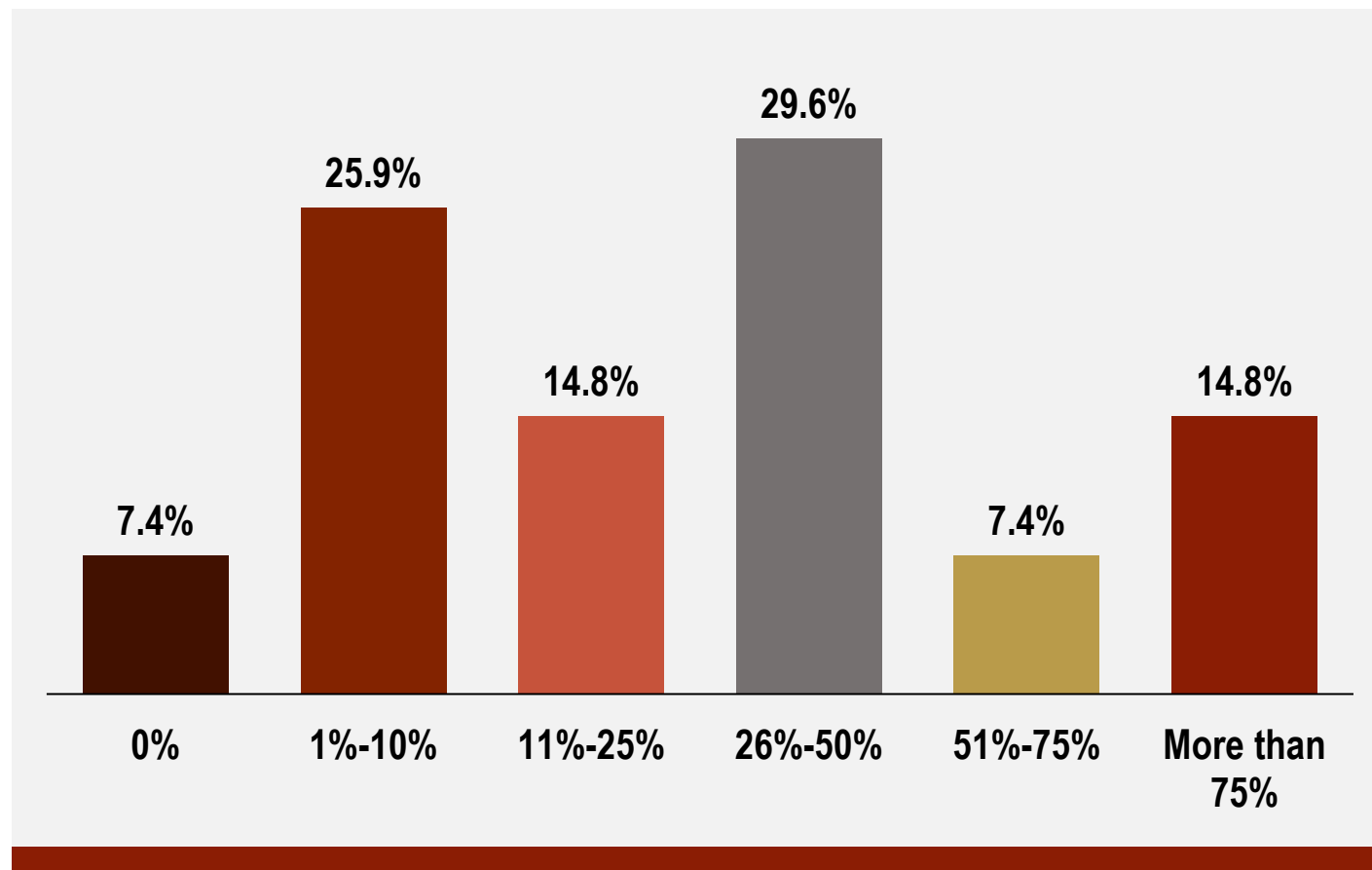


- Over 9 out of 10 of respondents noted that they had recovered from the pandemic to some extent
- Nearly half of respondents noted that they were fully recovered

(This question was only asked among companies who indicated an impact on operations due to the COVID-19 pandemic)

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

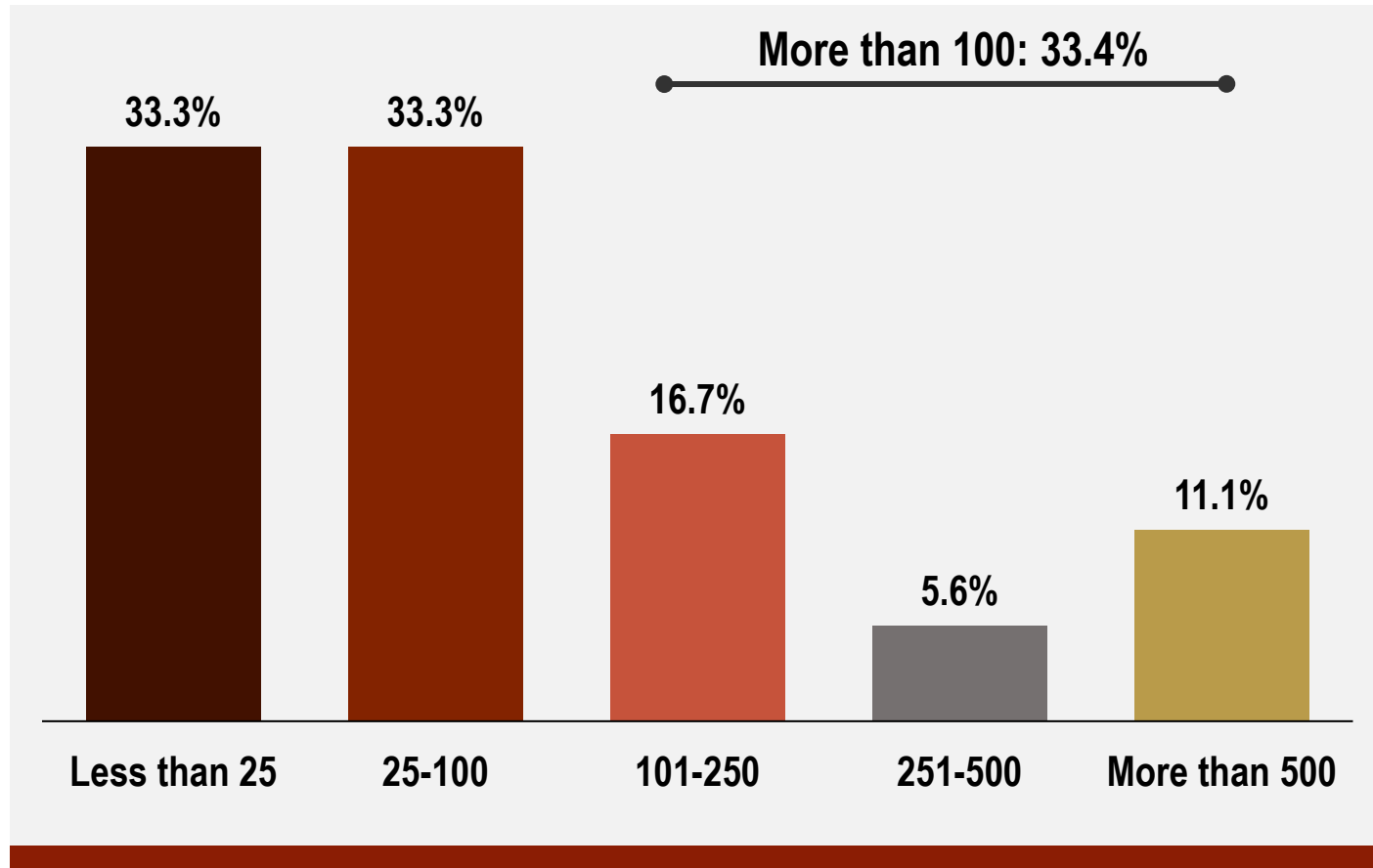
What percentage of your company's purchases during 2021 were made from local vendors?



- Approximately 9 out of 10 respondents indicated that they made purchases from local vendors in 2021
- More than 1 out of 5 respondents reported that more than half of their company's purchases during 2021 were made from local vendors

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

How many employees did your company employ in 2021?

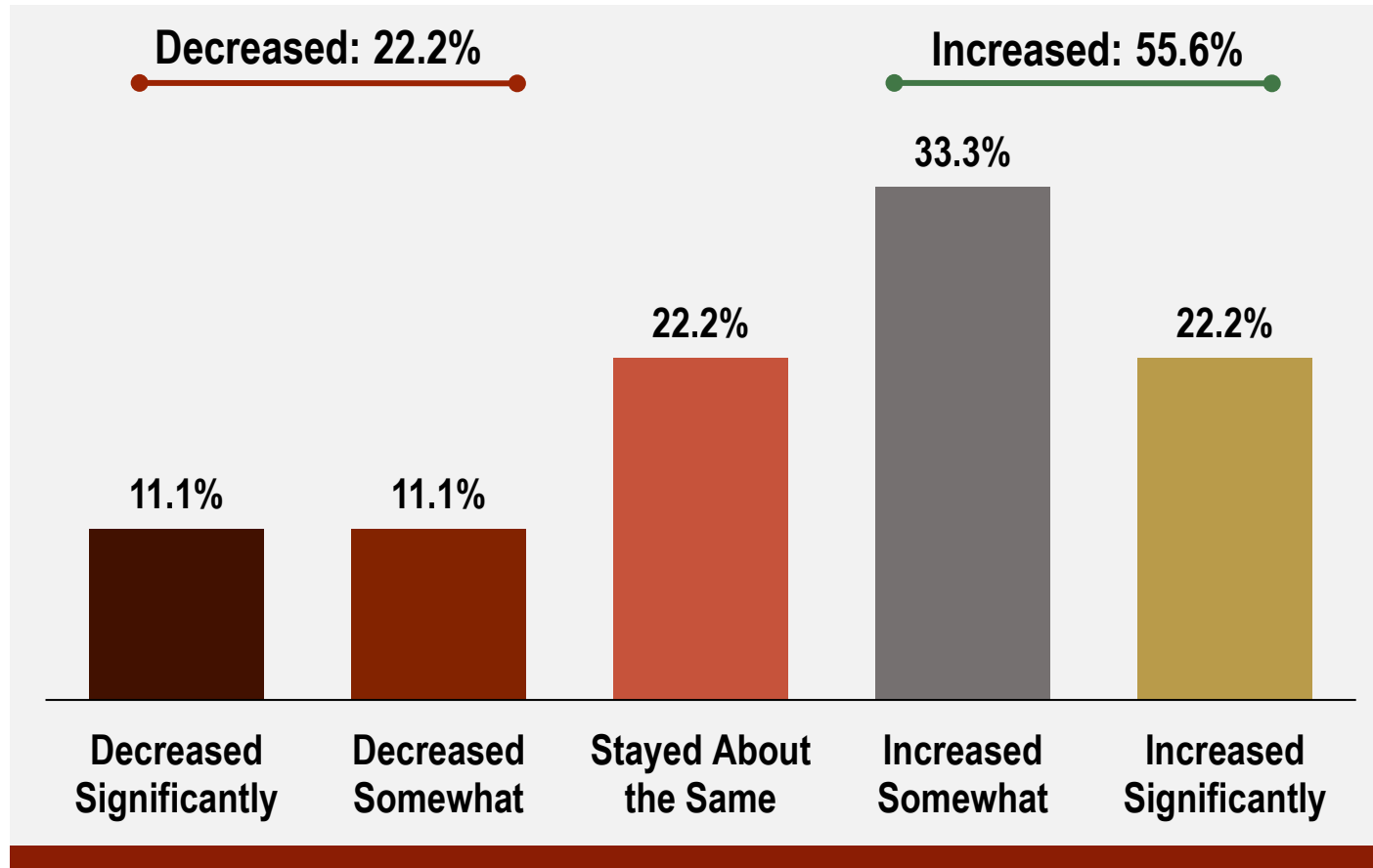


- One-third of respondents indicated their companies employed over 100 employees in 2021

(This question only asked among privately held companies)

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

During 2021, did the number of employees in your company increase, decrease or stay about the same from 2020?

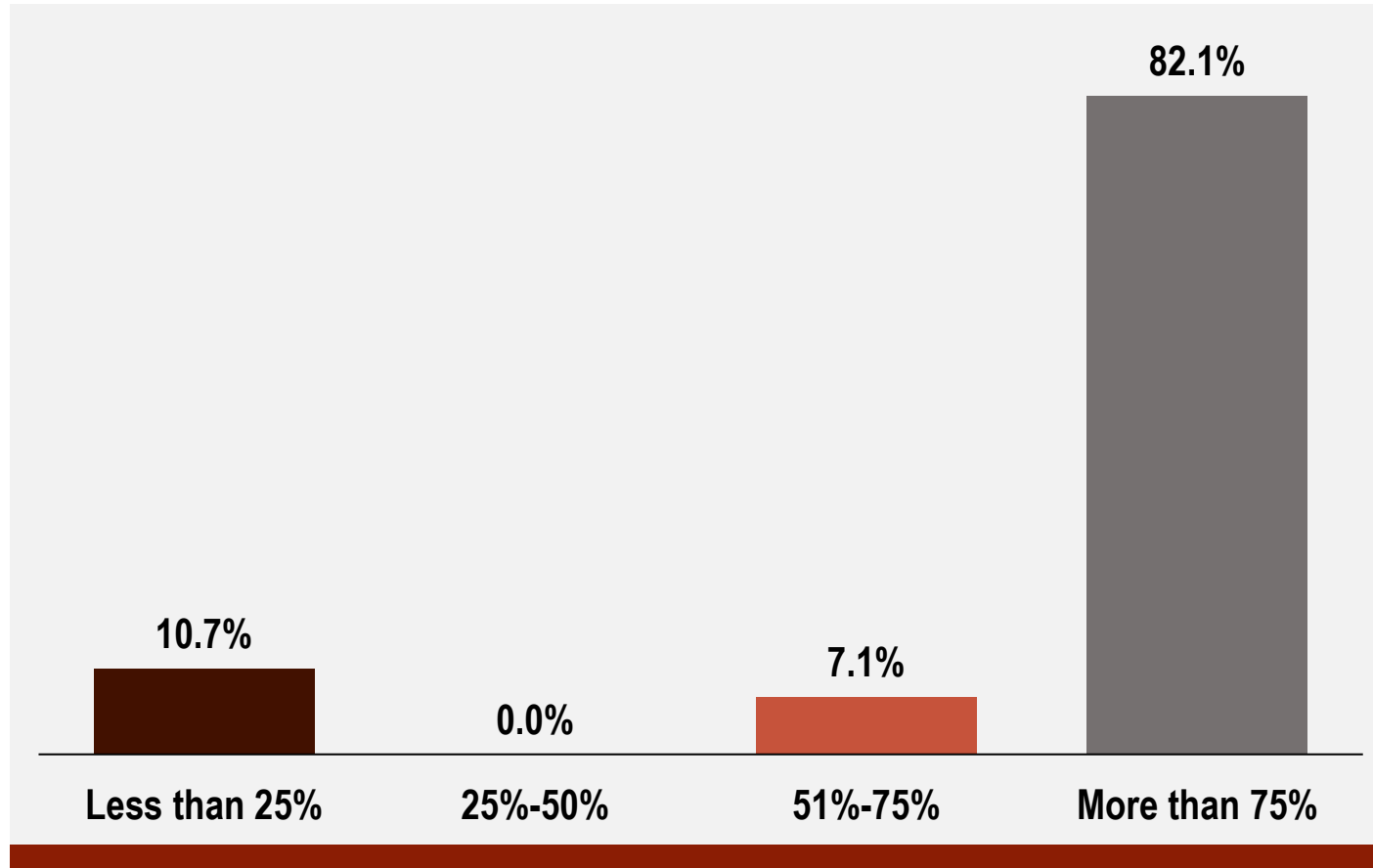


- Over half of respondents indicated that the number of employees in their company increased from 2020
- Over one-fifth of respondents indicated their employment base increased significantly during the year

(This question only asked among privately held companies)

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

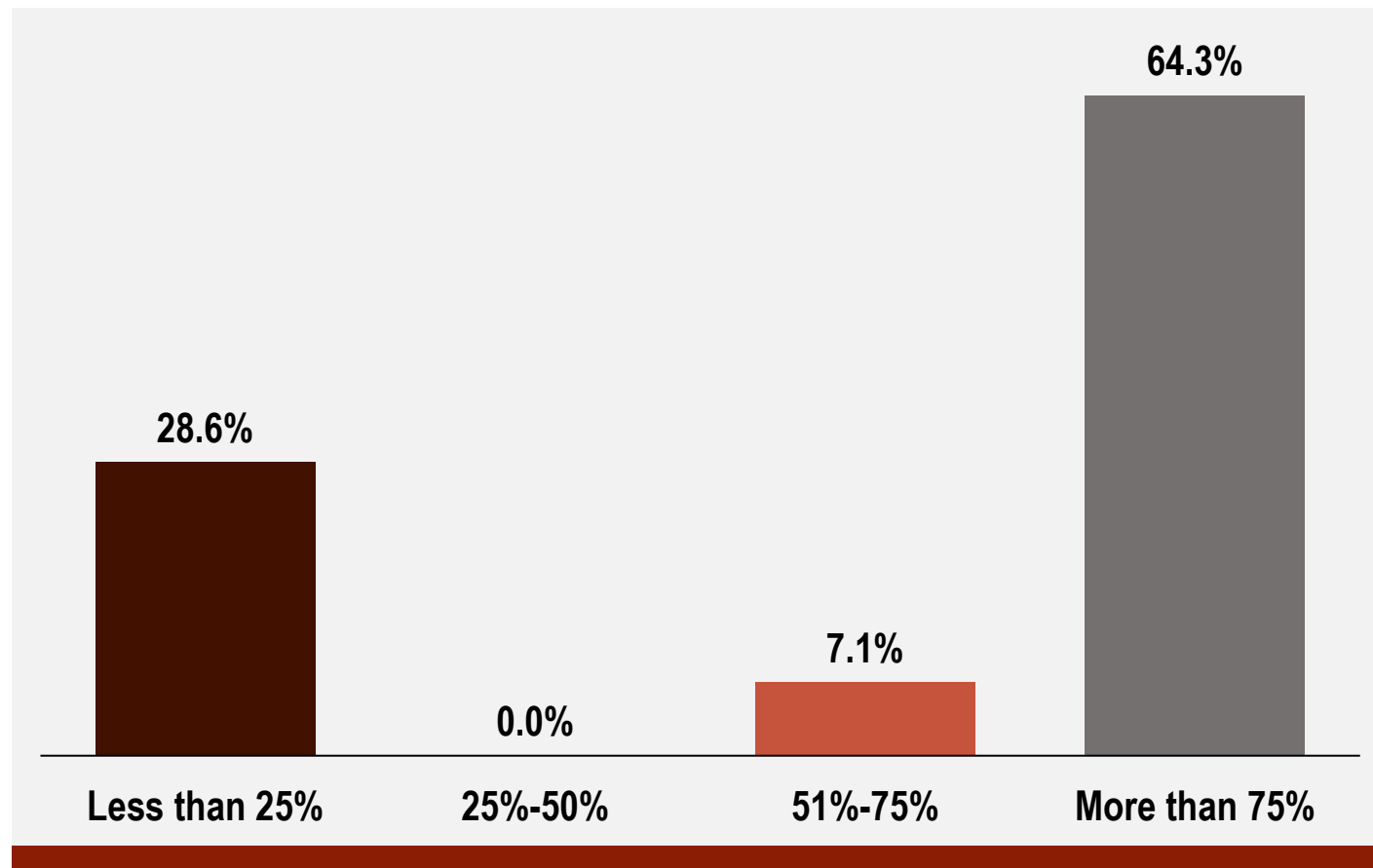
What percentage of your employees are covered by employer-sponsored health care plans?



- Nearly 9 out of 10 respondents indicated that at least one-fourth of employees are covered by employer-sponsored health care plans
- Approximately 82 percent of respondents reported that over 75 percent of the employees in their company are covered by employer-sponsored health care plans

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

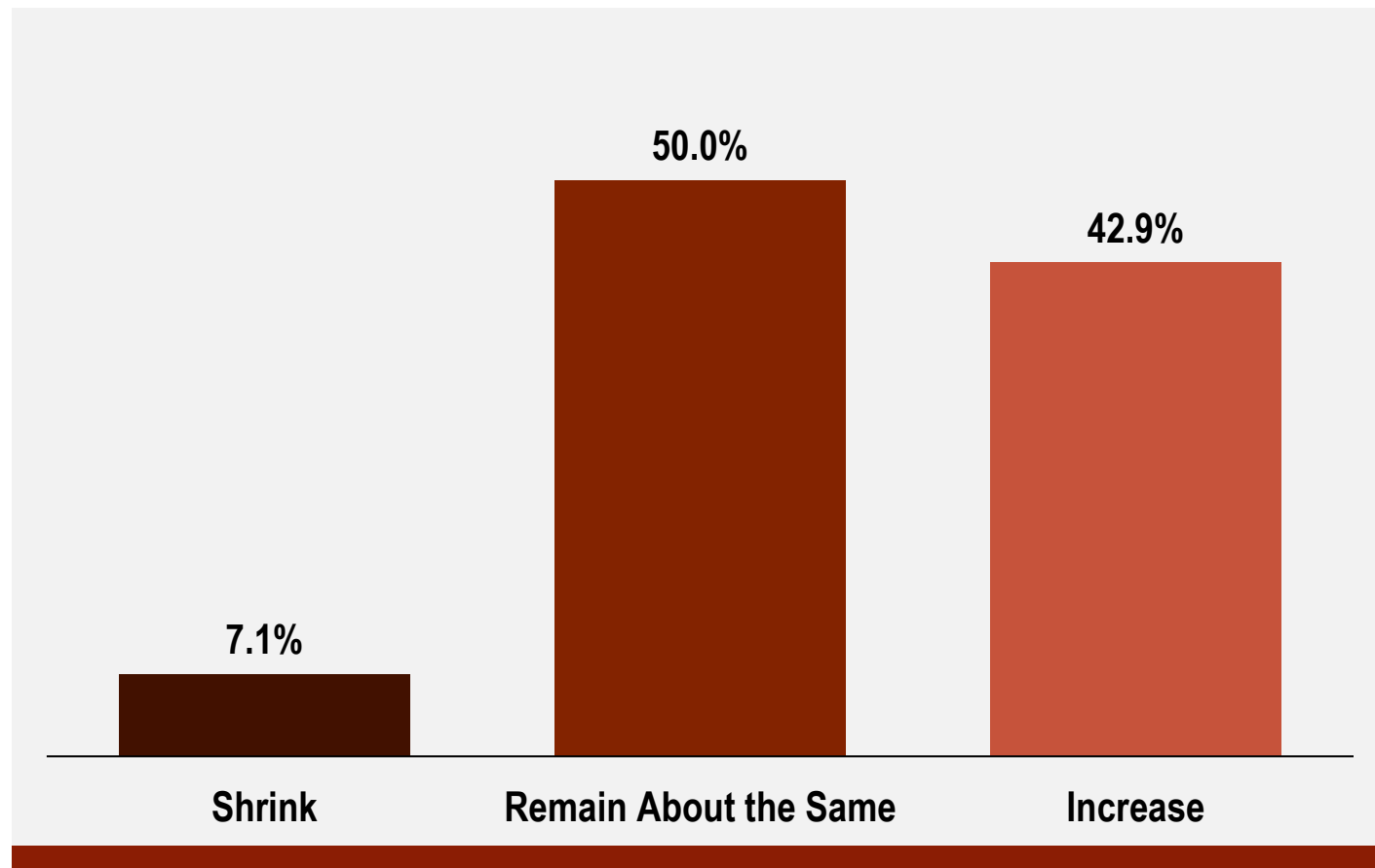
What percentage of your employees are covered by employer-sponsored retirement programs?



- 7 out of 10 respondents reported that at least half of the employees in their companies are covered by employer-sponsored retirement programs
- Approximately 64 percent of respondents indicated that more than 75 percent of their employees are covered

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

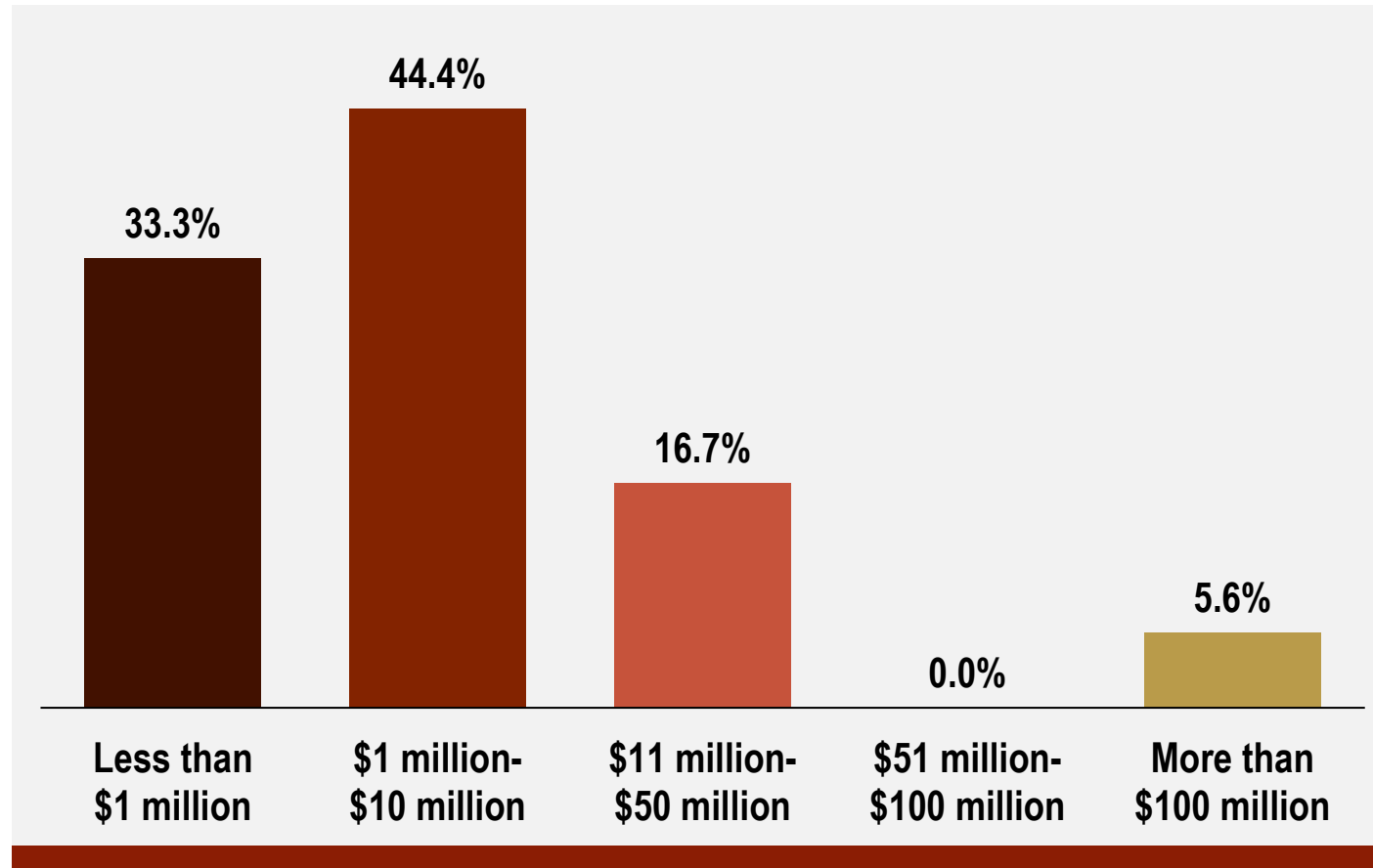
Looking forward, which of the following statements is most consistent with your company's expectations of staffing levels during the next 12 months?



- Exactly one half of respondents expect to maintain staffing levels during the next 12 months
- Nearly 43 percent of respondents indicated that they would be increasing their workforce in the coming year

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

How much (approximately) did your company pay in salaries and wages in 2021?

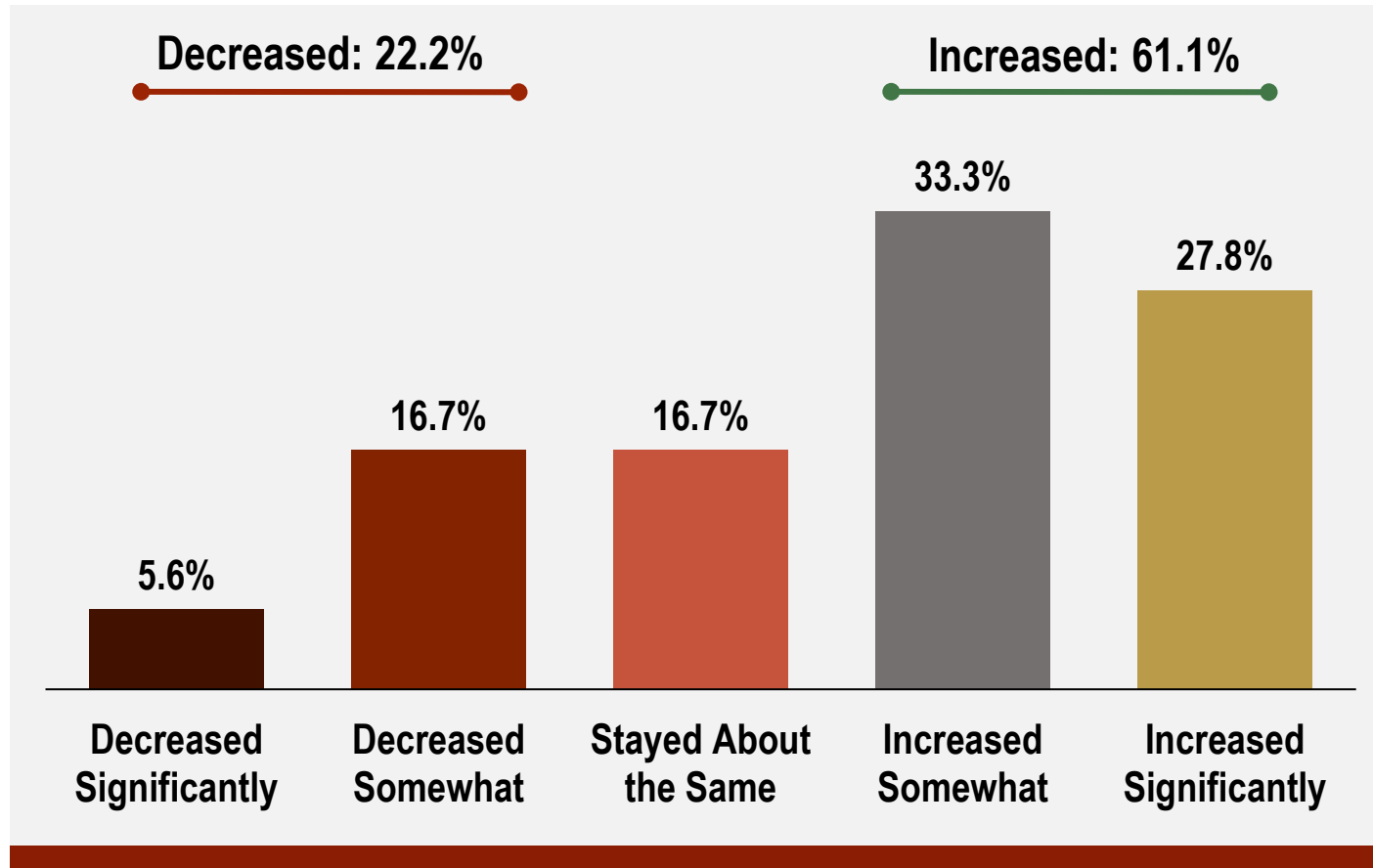


- Approximately 44 percent of respondents reported paying between \$1 million and \$10 million in salaries and wages in 2021
- One-third of respondents indicated paying less than \$1 million on salaries and wages during the year

(This question only asked among privately held companies)

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

During 2021, did the amount of salaries and wages your company paid increase, decrease or stay about the same from 2020?

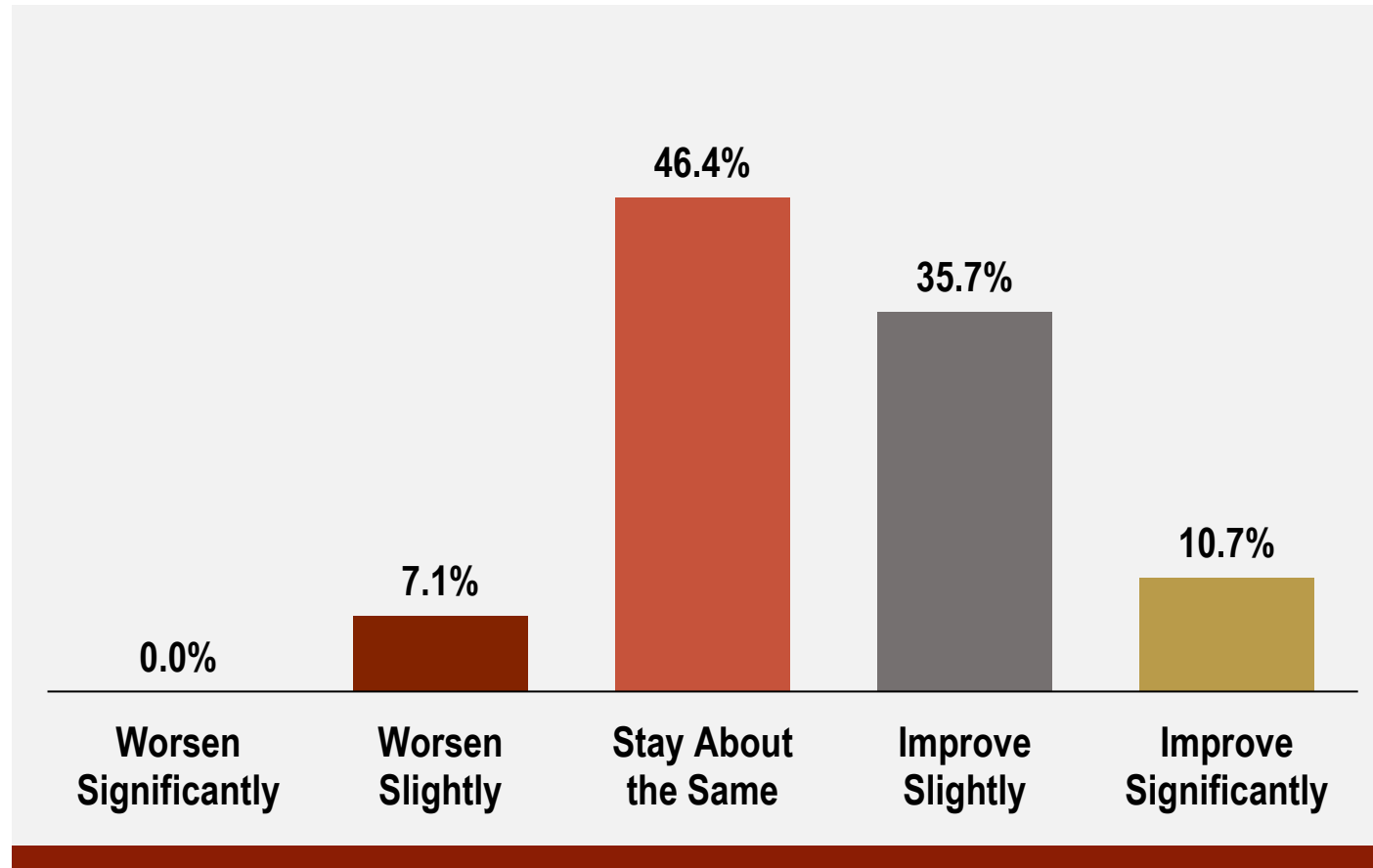


- More than 3 out of 5 respondents indicated the amount of salaries and wages their company paid during 2021 increased from the prior year
- Approximately 22 percent of respondents suggested that salaries decreased in 2021

(This question only asked among privately held companies)

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

Looking forward, which of the following statement is most consistent with your expectations of demand for your products/services during the next 12 months?



- No respondents expect demand for their products/services to worsen significantly in the next 12 months
- Nearly half of respondents expect demand to improve, while approximately 46 percent of respondents expect demand to stay the same

Source: Association of Gaming Equipment Manufacturers member survey. Note: Totals may not sum due to rounding.

About AGEM

AGEM is an international trade association representing manufacturers of electronic gaming devices, systems, lotteries, and components for the gaming industry. The Association works to further the interests of gaming equipment manufacturers throughout the world. Through political action, tradeshow partnerships, information dissemination and good corporate citizenship, the members of AGEM work together to create benefits for every company within the organization. Together, AGEM and its member organizations have assisted regulatory commissions and participated in the legislative process to solve problems and create a positive business environment.

AGEM Gold Members:

- AGS
- Ainsworth Game Technology
- Aristocrat Technologies
- Everi
- International Game Technology PLC (IGT)
- Konami Gaming
- Merkur Gaming
- NOVOMATIC Group
- Scientific Games
- Sega Sammy Creation

AGEM Silver Members: Aruze Gaming America, Betson Enterprises, Crane Payment Innovations (CPI), Gaming Partners International (GPI), Global Payments Gaming Services, Inspired Entertainment, JCM Global, Ortiz Gaming, Quixant PLC, Suzo-Happ Group, TCSJohnHuxley, TransAct Technologies and Zitro.

AGEM Bronze Members: Abbiati Casino Equipment, Acres, Action Gaming, Alfastreet, APEX gaming, Atlas Gaming, BetConstruct, Bluberi, Cammegh Limited, Century Gaming Technologies, Cole Kepro International, Competition Interactive, DR Gaming Technology (DRGT), Eclipse Gaming, Empire Technological Group (ETG), Euro Games Technology (EGT), Exacta Systems, FBM, Galaxy Gaming, Gambit Gaming, GameCo, Gaming Arts, Gaming Support, Glory Global Solutions, Grand Vision Gaming, High 5 Games, House Advantage, Incredible Technologies, Interblock USA, Jumbo Technology, Matsui Gaming Machine Co., Next Gaming, Patriot Gaming & Electronics, PDS Gaming, Play'n GO, Prometeo IT Solutions, Spintec, Table Trac, Weike Gaming Technology, Wells-Gardner Technologies and Win Systems.

AGEM Associate Members: ADLINK Technology, Advantech-Innocode, Agilysys, AI in Motion, AmericanChecked, Aon, ArdentSky, Arrow International, Asimex Global, Automated Cashless Systems (ACS), Axiomtek, BDO, Butler Snow, CAMS, Carmanah Signs, Catapult Global, CDC Gaming Reports, CMC Trading Engineering (International) Ltd, Cooper Levenson, CS-1 Transportation, Deloitte LLP, Digital Instinct, DiTronics Financial Services, Duane Morris LLP, eConnect, EFCO Technology Corporation, Eilers & Krejcik Gaming, Elite Gaming Technology, Entropy Cabinet Solutions, Fantalooks, Fantini Research, Fennemore Craig, Fireplay Games, Fox Rothschild, Gambling Compliance, Gamesman, Gaming Capital Group, Gaming Publishing / G3 Magazine, GAN, Ganlot, Gary Platt Manufacturing, Gasser Chair Company, General Touch, Genesis Gaming Solutions, Global Gambling Guidance Group (G4), Global Gaming Business (GGB) Magazine, Global Market Advisors, Greenberg Traurig, GSL Gaming Group, Howard & Howard, Impact Components, Innovum Technologies, Intel, iPro, IPS, James Industries, Jones Walker, JP Morgan Chase, KEY-BAK, Kiron Interactive, Kontron, KPMG, Lazcano Sámano, Lewis Roca, Lightstone Solutions, LOTREC Games, Marker Trax, MdME Lawyers, MicroTouch TES, Nanoptix, Nutanix, Olsen Gaming / Spectronix, Omron, Outpost Creative, Passport Technology, Patir Casino Seating, Plus Studios, Portilla Ruy-Díaz y Aguilar, Posiflex Business Machines, Regulatory Management Counselors (RMC), Rising Digital, RSM US LLP, RX, SAGSE, SCA Gaming, Sightline Payments, southfi, Sparks, Spin Games, Sports Betting Community (SBC), StylGame USA, SuperBook Sports, Taft Stettinius & Hollister, Talent Associates, The Bright Group, The Innovation Group, The United States Playing Card Company, Theatro, Touch Dynamic, Tournament One, TOVIS, UL, Unity Technologies, USI Insurance Services, Veridocs, Wells Fargo, Yogonet and Young Electric Sign Company (YESCO).

For More Information, Contact:

Daron Dorsey, Executive Director

P.O. Box 50049, Henderson, NV 89016-0049

702.277.3641 | Daron.Dorsey@AGEM.org



About the Author

Applied Analysis (AA) is a Nevada-based economic analysis and gaming consulting firm with extensive experience in preparing economic and fiscal impact analyses. AA also maintains a broad range of gaming experience and has performed work for some of the largest gaming companies in the world. AA has been retained by several organizations to review and analyze the economic, fiscal and social impacts of community investments and operations. This includes impacts on employment, wages and output.

AA is an information and analysis resource founded in 1997 for both the public and private sectors. Our team has extensive experience in real estate, market analysis, urban economics, information technology, finance and hospitality consulting. We apply this knowledge in an effort to develop creative solutions to our clients' challenges.

Our team has performed analyses in Nevada, California, Mississippi, Colorado, Florida, Utah and Illinois. We have serviced a broad spectrum of business clients, from governmental agencies to healthcare providers. Our public sector practice has analyzed the fiscal and economic impact of developments from five to 23,000 acres and handled policy issues spanning business tax initiatives to the cost of air quality programs.

Our vision and goals have been the same since our inception. We strive to provide superior advisory services through a better understanding of our clients and their issues. We obtain this superior understanding through listening closely to our clients' needs and designing solutions that take into account their unique nature, circumstances and requirements.

To put it simply, we are a solutions resource. Our future is branded by the success of our clients and the quality of our professionals. *Our commitment lies therein.*

Applied Analysis' broad range of experience in a number of industries and disciplines provides our professionals with a global view and approach to projects. The following highlights key service lines and areas of expertise.

- Economic Analysis
- Financial Analysis / Advisory Services
- Hospitality / Gaming Consulting Services
- Information Technology / Web-based Solutions
- Litigation Support / Expert Analysis
- Market Analysis
- Opinion Polling / Consumer Sentiment Analysis
- Public Policy Analysis

For More Information, Contact:

Applied Analysis
 6385 S. Rainbow Blvd.; Suite 105
 Las Vegas, Nevada 89118
 (702) 967-3333 | AppliedAnalysis.com





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IMPACT ANALYSIS

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