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XST CAPITAL GROUP LLC
CAPITAL. M&A. STRATEGY

CONSIDERATIONS

XST CAPITAL GROUP INSIGHTS

Building Teams that Move Mountains

Websters Dictionary: Consideration (kun-sid-uh-RAY-shun) - a careful weighing of the reasons for or against something.

From the Desk of Joel Simkins

As we approach our second anniversary, I've been reflecting on many of the lessons learned during the ramp of XST Capital Group. As I often tell the team, there wasn't a roadmap let alone a formal business plan when I incorporated the firm in May 2024 at my kitchen table. What I did know was that there was a clear product–market fit: the digital gaming sector needed true investment banking, capital markets expertise, and strategic guidance, initially from me and ultimately from a fulsome team of experienced professionals and industry experts.

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Earlier in my career as an equity research analyst, I had the privilege of getting to know many senior management teams across the sector and observing how they built both organizations and cultures. One of my favorite companies to cover was WMS Industries, which evolved from a scrappy former pinball manufacturer into what I often described as the "Apple" of slot machines driven by distinctive product design, innovation, and a strong culture before its $1.5 billion sale to Scientific Games in October 2013. Besides Penn National Gaming which had a great run during the years I followed it, WMS was the only company I perennially had a BUY rating on. I really don't miss being a sell-side analyst truthfully.

As I've assembled the full-time team at XST Capital Group, along with a number of senior advisors, I've drawn heavily on the cultural building lessons I observed across the companies I followed and the organizations I worked within on Wall Street - some outstanding and, let's say, some more challenging. I especially value my time at Macquarie Capital, where, at age 30, I served as a Senior Analyst and was, in fact, the firm's first U.S. employee. Alongside several colleagues recruited from the remnants of Prudential Equity Group, we helped build what became a substantial U.S. equities division. I know what it means to be part of high-performing, demanding, upstart teams.

To that end, I asked our newest Senior Advisor, Dean Ehrlich, to share lessons from his time at some of the fastest-growing gaming equipment companies - insights we believe will be valuable for our *Considerations* readers.

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Lessons Learned from 30 Years of Leading Innovative Teams in Gaming

Dean Ehrlich – Senior Advisor

I've had the privilege over 30 years in the gaming equipment supplier sector to learn from exceptional leaders and apply those insights as I progressed through executive management.

Anchor Gaming: Disrupting Slot Floors

My journey began at Anchor Gaming, one of the most innovative slot machine manufacturers of the mid-1990s. Much like many of the digital gaming companies XST works with today, Anchor was a true change agent disrupting industry norms.

During my time there, I worked alongside some of the industry's most creative leaders and ultimately became General Manager for the proprietary games division. Our mission was simple but demanding: develop compelling games that players wanted to engage with, especially compared to the stale product often found on slot floors.

Putting Together the A-Team

The greatest lesson: success lives in the subtleties. Leadership, product design, and organizational behavior are shaped not by grand statements but by consistent, disciplined actions embedded into a company's DNA.

At Anchor, building a team of people who thought creatively, collaborated effectively, and shared a passion for excellence was essential. If that alignment wasn't there, the message was clear: find an environment that better matched your drive.

As momentum built, our progress became visible particularly at the 2000 World Gaming Congress & Expo (now G2E). Our differentiated innovations, whether wheels, diamonds, or other original concepts, were rapidly prototyped, launched, and embraced. That trajectory ultimately led to the $1.4 billion merger with IGT (leveraging the success of Wheel of Fortune), one of the largest M&A transactions in industry history at the time.

Innovation and Excellence as Cultural DNA

My experience at WMS Industries offered a different but equally valuable lesson in team building. It was a high growth organization with extraordinary talent. Many colleagues from that era have gone on to highly successful careers across the industry.

At WMS, I led functions spanning product management, domestic sales, and gaming operations. The C-suite excelled at clearly articulating the company's vision and positioning the organization for success not only with investors, given our public listing, but more importantly with customers. Participation in the executive committee reinforced a culture that empowered employees to go above and beyond.

This success required sustained collaboration. Achieving common goals meant working beyond one's immediate organization, balancing competing priorities, and creating genuine win–win outcomes. Subject matter expertise alone is insufficient; earning the respect and trust of peers is what enables execution. After years of disciplined effort, radical transparency, and continuous refinement, we became a top-three supplier, achieving approximately 20% ship share after years of relative irrelevance. For those unfamiliar with industry dynamics, reaching 20% market share particularly against entrenched incumbents is an extraordinary achievement.

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Applying Lessons at Everi

Following WMS, I joined Everi as Executive Vice President of the Games Business, overseeing product development, manufacturing, supply chain, and gaming operations, while working cross-functionally with sales, legal, IT, and other functions. The same principles applied: subtleties matter, cross-functional alignment matters, and clarity of purpose matters. When I joined, the company was still defining its identity following a challenging merger of two very different organizations. We began with roughly 3% ship share and ultimately grew to approximately 12%, establishing Everi as a strong number-four supplier competing effectively against much larger industry players with significantly fewer resources.

While many focus on successes, long-term growth comes from candid reflection on what could have been done better. The learning never stops, but it requires objectivity and accountability.

Learning from Successes and Misses

Across these organizations, countless talented individuals helped shape my leadership approach and contributed to meaningful P&L growth. Leadership is not easy, nor should it be. While many focus on successes, long-term growth comes from candid reflection on what could have been done better. Often it is a small number of decisions, missed opportunities or judgment calls that leave the strongest impressions. The learning never stops, but it requires objectivity and accountability.

One early mentor told me, "You never truly learn from success." Continue evolving. Continue moving mountains large or small and take pride in the rewards that follow.

Dean Ehrlich - Senior Advisor

Dean is a highly respected gaming industry executive with more than 30 years of leadership experience across global gaming equipment, content, and technology businesses. He brings deep operational expertise, commercial strategy insight, and a proven track record of scaling complex gaming organizations.

Dean is currently a consultant for Aristocrat Gaming with a focus on commercial strategy primarily in their land-based business. Dean also recently served as Executive Vice President and Games Business Leader at Everi Holdings, where he was a named executive officer, executive committee member, and the leader of a $400M revenue generating gaming equipment supplier. Earlier in his career, Dean held senior executive roles at Scientific Games (formerly WMS Industries), including Senior Vice President of Global Gaming Operations and Vice President of Sales for North America, where he led large-scale global gaming businesses, premium leased product strategies, and networked gaming initiatives across major casino markets worldwide.

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