

SPECIAL EDITION: THE NEXT

NFL Kickoff CEO Roundtable 2024



Football season is finally here! For many participants across the digital gambling ecosystem, this is a pivotal period that will have lasting ramifications not just for the remainder of 2024 but over the intermediate term. **In particular, how many of the leading sports betting enterprises fair will shape not only financial results but ripple through to 1) sector valuations, 2) capital raising activity, and 3) the adoption of innovative new technologies.**

At XST Capital Group, we pride ourselves on having a finger on the pulse of the latest sector trends by working closely with the leading early stage companies driving innovation within the industry. **In our 2024 NFL Kickoff Roundtable discussion we have interviewed 18 CEO's across a diverse group of segments including: betting tools, business-to-business software, DFS/fantasy/sweepstakes, lottery, online sportsbook, regulatory technology, and social betting** to tackle many of the key themes that our clients, investors and other key sector participants are focusing on.

Please join us for an interesting and informative deep dive from these sector thought leaders, as we are grateful for their participation in this series. As a suffering New York Jets Fan; well at least maybe we will make the playoffs.

Roundtable Participants:

OSB Sector

- Nate Dionne, CEO - PlayGreen
- Alex Kane, CEO - Sporttrade

B2B Sector

- Vhinit Bharara, CEO - Mojo
- Greg Dean, CEO - HotStreak/inplay.ai
- Dylan Robbins, CEO - Lucra
- Jesse Wachtel, CFO - Huddle Tech

DFS/Sweepstakes/Fantasy Sector

- Jacob Fortinsky, CEO - Novig
- Brian Kipp, CEO - OwnersBox
- Joel Milton, CEO - Splash

Social Sector

- Sim Harmon, CEO - KUTT

Lottery Sector

- Brad Cummings, CEO - EQL Games
- Tom Metzger, CEO - Lotto.com

Regulatory Technology Sector

- Matt Holt, CEO - IC360
- Chris Oltyan, CEO - Compliant

Betting Tools Sector

- Ricky Gold, CEO - JuiceReel
- Pranav Tadikonda, Co-founder - Pikkit
- Evan Kirkham, CEO - Outlier
- Cooper Lycan, CEO - SoBet

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OSB Sector

Nate Dionne - PlayGreen

Nate, PlayGreen is largely focused on the Latin America gaming markets as many of these countries are just starting to legalize sports betting or online gambling, give us your on the ground perspective particularly as you have spent most of your summer in Colombia and Ecuador?

Things can change quickly and these markets are not for the faint of heart.

One of the most challenging but interesting things about this market is how different the regulatory environment is in each country. It's very easy to view LATAM as a market in and of itself when in reality you have 33 relatively unique countries. Ecuador has been a really compelling country for us both due to our country specific product capabilities and our position as the Official Partner of Directv. Ecuador was the first time PlayGreen has run nation wide campaigns across TV, digital and physical points. The results have been stellar. That said, in an emerging market like Ecuador, there are of course unique challenges. The

regulatory body has been working through tax collection strategies & various other rules that require a really high rate of flexibility from operators. Things can change quickly and these markets are not for the faint of heart. Contrast that to Colombia where regulations are more standardized and clear given the length of time they have been in place. It's critical, in my opinion, to work very closely with local governments to ensure you are collaborative & proactive across the board. While that may seem obvious in the US, historically Latin America has been saturated by offshore and/or nefarious operators - that culture still exists in many ways. Given regulation is spreading, having a stellar brand reputation is a massive asset. Our team really looks forward to continuing market expansion led by strong collaboration with local stakeholders.

I think most of our readers understand what the sports betting product is like here in the US and have a sense of how players engage; what is the Latin American gambler most focused on and can you tell us how the product and/or betting experience differs in the markets you serve? I know we are here to discuss the American football betting season, but what was your experience like around the Copa Americas tournament?

From a sports perspective, soccer dominates the landscape in Latin America. That said, traditional US sports are gaining traction both from a fan awareness perspective but also in betting volumes. The NBA has done an incredible job marketing the league specifically in Mexico and Brazil while the NFL is playing a game in Brazil this year. There's a real opportunity for operators to think creatively around engaging fans of these sports which may seem niche today but have tremendous upside. While similar to the US in that parlays dominate the sports betting market in our region, my assessment is that players get even more exotic in Latin America. We've also seen significant growth around in-play prop betting over the last 6 months which I'm not sure is similar to the US but a very interesting development. The biggest difference in betting experiences is that online casinos are allowed in most of our markets where that is still in discussion across the US states. This presents an incredible opportunity for our business but it's also a challenge to engage very different types of players and drive crossover. Through the rest of the year you'll see our team launch a handful of experiences that aim to blend sports fandom & casino gameplay. Copa America was incredible for the business, boosted by our partnership with Directv in Ecuador. One observation that I found interesting was how much our key countries were betting against Argentina each match even when they weren't playing against our bettors' home countries. Of course they won again so I'm sure this will continue into future tournaments.

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OSB Sector

The other key insight we garnered was how important quality support is for first time players. We saw a massive spike in new registrations, many of which were first time bettors, that required more help than usual getting started. Luckily, our team is incredible & blended with our use of LLMs in support we maintained a strong conversion & player satisfaction rate.

Alex Kane - Sporttrade

Alex, you were our first guest in The Next with XST Capital, so thanks for making a repeat appearance with us here. Heading into football season what is the state of the exchange betting market here in the US? What does the roadmap look like for exchange betting to expand to additional states?

This is an incredibly exciting time for our business. We're launching in two new states, Arizona and Virginia, introducing significantly more liquidity, and continuing to introduce more products and features; Android in all states, a deep player prop menu, and expanding on the success of our Tape feature with searching and filtering.

If Sporttrade is successful this fall, we will have established our brand as the place where big players go to get the best prices and highest limits, pregame and in-play. So that means we're going to be spending on brand for the first time, and I expect those investments to demonstrate real traction given how much we've refined our product and funnel since NJ's launch in 2022.

We've done a lot of work with regulators to prove that exchange wagering is a feature as opposed to a platform type, and this will set up the category for long term success.

On the point around exchange betting, players will be able to place limit orders in 4 out of the 5 states we're operating in by this fall. We've done a lot of work with regulators to prove that exchange wagering is a feature as opposed to a platform type, and this will set up the category for long term success. There's not a state where I would see any potential roadblocks to the type of model we'd like to run.

Given your resources, Sporttrade has been highly targeted in its approach to customer acquisition and retention; with that said, what are your expectations for the overall promotional environment during NFL 2024 relative to prior years from both big and small operators? Will this be a period of rational behavior or a resumption to the more aggressive behavior we saw a few years ago?

It took a bit longer than I think some expected, but it's now clear to the ecosystem that survival, and to a more significant degree, long term success, requires product differentiation. As brands with similar offerings continue to leave the US regulated market, that will mean promotional activity will come down. Of course the counterbalance to this theme is the expectations many have for brands like ESPN. All in all, I expect this season to be similar to 2023.

From our perspective, we believe product and marketing must always remain in perfect harmony. Our current promotional strategy has proven to be very effective in converting our target demo while avoiding the promotional abuse that comes with offering large deposit and "risk-free" welcome offers.

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B2B Sector

Greg Dean - HotStreak/inplay.ai

Greg, at inPlay.ai while the origin of your business is around B-C DFS+ with your HotStreak platform, which is a meaningful player in that category, you have developed a lot of AI tools particularly around pricing to automate a lot of functions that typically required human labor, can you share more about this?

Companies relying on human traders face inherent constraints, while the domain-specific AI developed by InPlay promises to revolutionize sports betting.

Think of sports betting as an adversarial game, where bettors compete with traders in a zero-sum manner. AI has a proven track record of displacing humans in complex games (Chess, Go, StarCraft, etc.). By removing human limitations, AI can create innovative betting options such as micro-markets and unrestricted live SGPs, while better managing risk. Moreover, AI is substantially cheaper, enabling it to do more at a lower cost.

Companies relying on human traders face inherent constraints, while the domain-specific AI developed by InPlay promises to revolutionize sports betting. HotStreak DFS is at the forefront of this revolution, using end-to-end AI to price and manage the risk of some of the industry's most complex offerings, pushing the boundaries of what is possible in sports gaming.

I think most the panelists in this segment of our report would tell you that B-B isn't easy given industry consolidation and intense competition for key contracts; with that said, why enter this segment and try to develop a standalone revenue center within B-B?

Not being easy doesn't deter us. Direct-to-consumer, also not easy, is our core business today and likely will be for the foreseeable future (HotStreak DFS is profitable and growing). We've had companies express interest in B2B, but we haven't yet found the right fit. We'd move forward with the right partner for the right commercial terms. It's still early for AI and we're not prescriptive on how we deploy our technology. Nothing is off the table. HotStreak Sportsbook as a vertically integrated AI-powered LSB is an option.

Dylan Robbins - Lucra

Lucra's decision to evolve its business model primarily from being a consumer facing P2P platform to a B-B provider of white label technology to facilitate gamification for high profile customers like Dave & Busters is candidly one of the biggest stories within gaming in 2024, walk us through that decision and how its tracking so far?

We had seen a ton of strong market signals from our users when we were a consumer facing platform - strong sessions data, a flywheel of users inviting their friends, millions of contests played, and more - but we hadn't really cracked the code of how to scale quickly without spending a small fortune on marketing. Customer acquisition in our space is certainly an expensive challenge.

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B2B Sector

We realized through some conversations with innovative brands that there was a clear yearning for gamification technology to help drive new customer acquisition, increase engagement & retention, and launch new monetization streams. We found that evolving our business model to B2B would allow us to access the same end users, the casual fans, through a much wider and more scalable distribution channel. Lucra's customers today serve more than 40 million Americans, providing us an efficient conduit to amplify the fun of friendly competition through our plug & play white-label SDK that embeds natively into our partner platforms. It is safe to say it has been a great decision for us and we are sprinting full steam ahead.

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Clearly landing Dave & Busters was a big moment for Lucra and its new B2B vertical, how are the conversations tracking with additional consumer brands looking to capitalize on the increased acceptance and adoption of digital gaming products in 2024? What does the roadmap look like for Lucra as you enter 2025?

Lucra's pipeline is certainly as strong as ever. We have come out of stealth with our B2B vertical and are engaged with nearly a hundred potential partners across many different sectors. We are mainly focused on consumer technology, in-person entertainment, sports teams / leagues, media & networks, fitness, and hospitality. Our recreational games SDK, which allows users to challenge each other on games they themselves participate in (bar games, board games, recreational sports, fitness challenges, and more) has opened the door to an entire new market of customers. A great example would be our new deal with TouchTunes, who is a perfect partner for this technology. We're really looking forward to not only creating a game-changing new experience for their customers, but helping to drive significant net new revenue into their ecosystem. Their access to over 60,000 bars across the country also provides Lucra access to our target customer in a whole new way, with significant scale and reach that would have taken years to achieve within our legacy direct-to-consumer business. You said it yourself, there is a rising tide of increased acceptance and adoption of digital gaming products in the market today, and Lucra is in prime position to capitalize on this opportunity.

Jesse Watchel - Huddle Tech

Jesse, tell us more about HuddleTech and where the company sits within the B-B ecosystem for those less familiar with you? What are the key pricing products that you offer and how do you differentiate versus the competition that remains?

HuddleTech was established through the merger of Deck Prism Sports, and Huddle Gaming Inc in 2022. Within the B2B sports betting ecosystem, HuddleTech occupies a unique position by blending Deck Prism's advanced pricing and trading models for core markets with Huddle's ability to price additional markets as well as providing a flexible backend architecture, known as Huddle OS. Our platform integrates official data from leading providers like SportRadar, GeniusSports, offering our clients comprehensive solutions that cover a wide range of betting markets and needs.

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HuddleTech offers a range of key pricing products that focus on U.S. sports, including Football, Basketball, Baseball, Hockey, and Collegiate sports. Our offerings include: Pre-game and In-play Pricing, Core Markets, Derivatives, Player Props, Microbetting, and Same Game Parlay. Our differentiation lies in our agility and technological flexibility. Unlike larger competitors, we can quickly adapt our models to price any competition as long as there is a data feed.

Unlike larger competitors, we can quickly adapt our models to price any competition as long as there is a data feed.

In addition, we are extremely proud of our SGP (Single Game Parlay) product. Most of the SGP products out in the market don't actually calculate the correlation but rather apply business rules to restricting certain types of combinations. In addition to that there are other suboptimal experiences like getting different prices for the same bet, improbable outcomes not offered, because not differentiated from impossible and the list goes on.

The growth of the industry is remarkable, driven not only by the opening up of regulated markets like the US but also by the changing consumption patterns of sports and its products, particularly among younger demographics.

The main challenge lies in the fact that existing solutions were primarily built to mirror retail operations. To effectively address the rapid growth and changing demographics, we need to rethink how we build products. Some key issues that need attention are the high cost per acquisition (CPA) and low lifetime value (LTV), along with high operational expenses (OPEX), among others.

At Huddle, we believe that a significant portion of these challenges can be overcome by establishing an infrastructure where data doesn't exist in isolated silos. Therefore, we are focused on building a data platform that optimizes the flow of data between different business functions. By doing so, we aim to create a more streamlined and efficient approach to addressing the industry's evolving needs, ultimately offering solutions that align with the current trends and challenges in the sports betting ecosystem.

With a number of your competitors being acquired and taken in-house by potential customers how does that shift the approach of HuddleTech around its core business? For B-B suppliers like Huddle in OSB what is the long-term market opportunity?

HuddleTech is doubling down on its core strengths—being agile, innovative, and customer-focused. We aim to position ourselves not just as a B2B provider but as a versatile software company capable of rapidly adapting to our clients' needs. This approach allows us to remain competitive and relevant even as the landscape shifts.

The long-term market opportunity for B2B suppliers like HuddleTech in the online sports betting sector is significant. As the market continues to grow, there is an increasing focus on profitability rather than just customer acquisition. HuddleTech is well-positioned to capitalize on this shift by offering solutions that help operators achieve more profitable outcomes. Our ability to deliver reliable, adaptable, and high-quality pricing solutions makes us a critical partner for companies looking to optimize their sports betting operations. We see a future where our innovative approach to technology and data integration will continue to drive growth and success for both HuddleTech and our clients.

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B2B Sector

Vinit Bharara - Mojo

A year ago, Mojo was a B-C operator in New Jersey with your athlete stock market, player props, and other products (DFS), walk us through the decision to sell that business to Fliff a leading sweepstakes operator and ultimately pivot into your new initiative around building a B-B pricing business?

When we were operating our own regulated player-centric sportsbook in New Jersey, we were testing our own pricing/trading/risk systems versus others. Especially on player related markets, which we think is the future, whether in props, same game parlays or micros. We were doing better, both in terms of the value proposition we could deliver for our customers and the hold/profit we could generate for our shareholders. That success wasn't so surprising as we had already invested a lot of our capital and resource into assembling a wildly talented team across data science, financial markets and engineering to build very futuristic technology and systems to price, trade and risk-manage our markets. But equally important in my mind, we were still very nascent. We thought, how much infinitely better could we be if that was our exclusive focus going forward? We've seen that play out over the past year and think we will just keep getting ridiculously better.

The second question was how important is this capability? Well, it became clear this is at the center of the industry. Fundamentally, it's the actual product offering. I come from e-commerce at Diapers.com and Amazon. There is a lot of similarity in my view. What kind of selection can your customers buy, what's the availability (uptime), how much can I buy (limits), how fast can I get it (bet delays) and what's the price that I have to pay (VIG)? Pricing/risk capability is the biggest factor in those things, which fundamentally shapes your value prop, and is therefore critical to drive your handle. And of course, that capability then dramatically determines your hold/win rate on that handle, which in the end, is your revenue. An operator with a 8% hold that can get to 10% will increase revenue by 25%. There are some that clearly have even more room. They're just making way less hold than the VIG they are charging. So the hold lift does not therefore even come from your very valuable ultra-retail customers, where you're making your VIG anyway. It comes from the folks that you're not making your VIG on.

Pricing/risk capability is the biggest factor in those things, which fundamentally shapes your value prop, and is therefore critical to drive your handle.

As an entrepreneur, it's hard to find things where you have a hard to replicate, differentiated asset X that can make a transformative Y difference in a huge, growing Z industry. You jump on those opportunities.

Tell us more about your B-B business and how you plan to differentiate versus the leading players in the market? How are you getting Tier 1/2/3 sports books or DFS + players to think about your value proposition and how you might be different versus the alternatives?

Results. Results. Results. We have to deliver a much better, more differentiated value prop for customers, to generate them more handle/share. And we have to generate significantly more hold on that handle from the customers they want to make more from, where there is clearly LTV room.

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On the handle/share, we think online sportsbetting 2.0 is about customers demanding more and more. More selection—player props, parlays, micros, etc. More uptime. More cashout. More they can get down. In the longer run, better payouts. These demands present a newer, very hard, surface area problem. Near infinite selection means, by definition, way more likelihood of adverse selection. It adds so much financial risk that operators have to play defense—suspensions, low limits, high spreads. So we had to solve this problem so operators can play offense and grab share.

The promise of better hold on your share is more obvious. As the industry grows, every incremental point we can deliver is massive. Probably \$50mm+ of extra revenue per year for tier 2 and tier 3 operators. Two points is \$100mm and so on and so forth. It's even more in future years.

So the question is how do we deliver that? Humbly, I think we have the best team. And that team has a big vision and just builds incredible things.

At our core, we believe in order to properly market make in this newer world, excellent data science models are crucial, but not enough. We believe sophisticated, automated market price discovery, similar to what a Citadel employs in the financial markets, are what is necessary here as well. From what we've seen, that doesn't really exist today outside the traditional main markets (ML, totals, spreads), so that's what we have been building. Fundamentally, we believe proper price discovery means that we have to (i) collect and use way more market data than anyone else (ii) elegantly integrate that so it all talks to each other (including our simulations) better than anyone else and (iii) structure it in a way that is more fully automated than anyone else. That entire process first informs our best guess of the true, intrinsic price of every event. But then we don't just simply provide that same best guess intrinsic price to each operator, although we do that of course. We use the same systems to incorporate an operator's specific audience, real time risk exposure and LTV goals by customer so that we can give the best, different price for each operator.

But in the end, it's always about the actual results.

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DFS/Sweepstake/Fantasy Sector

Brian Kipp - OwnersBox

Brian, OwnersBox is headquartered in Canada albeit you serve both that market as well as the US, love to get your sense on the overall tone around regulatory changes around DFS currently? Given a fluid regulatory environment how are you refining your product as it seems like many DFS+ companies are shifting towards P2P products?

Our flexible platform, capable team, and extensive roadmap allow us to continually evolve our offerings to meet the needs of DFS users.

Regulatory compliance is one of the more challenging aspects of operating in the DFS market. The regulatory landscape is constantly evolving, with new developments occurring almost weekly in various jurisdictions. Competing interests within the gaming space also play a significant role in shaping these changes. To adapt to regulatory shifts, we offer both peer-to-peer (P2P) and single-player fantasy (SPF) games. Our flexible platform, capable team, and extensive roadmap allow us to continually evolve our offerings to meet the needs of DFS users. For example, we have a P2P impulse game based on our live draft technology on the horizon. The risks and opportunities associated with P2P and SPF games are distinct. Both formats cater to different user and

business needs, and we aim to succeed in both areas. I believe that state and provincial regulators will eventually recognize the value of skill-based SPF DFS games and adjust their rules accordingly. Overall, there is tremendous opportunity in the DFS market, and we are well-positioned to navigate and capitalize on these changes.

For those that may be less familiar with OwnersBox relative to the household brands like PrizePicks, Underdog, Sleeper, and Chalkboard; tell us more about you and how you are marketing the brand currently and any key points of product differentiation vs. the competition?

Over the past couple of years, we have focused on product and feature development, establishing the necessary back-office infrastructure and processes to support scalability, and building a strong team. Currently, we offer three active products: Salary Cap (P2P), Lightning Lineups (SPF), and the newly released Player Picks (SPF). Our strategy is to continue investing and innovating in the DFS space, while further integrating content and brand activation. Our content team produces high-quality social engagement that generates tens of millions of impressions monthly. We operate in 36 states and Canada and are actively expanding to new states. So far, our marketing efforts have included traditional methods such as affiliate relationships, digital advertising, and referral programs. However, the catalyst for major growth and brand awareness will come from a significant strategic partnership that will provide nationwide brand exposure and access to a broader audience for user acquisition and retention. The main differentiator in the short term will come from mechanisms incorporated into our partnership. In the coming months, you will be hearing a lot more about OwnersBox.

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DFS/Sweepstake/Fantasy Sector

Joel Milton - Splash

Joel, Splash has a very large database and some of its key brands have been around for many years within the betting pool space; I would imagine you are less reliant on the football season given college basketball, how does Splash keep players engaged throughout the year?

We lean into these tentpole events (NFL kickoff, March Madness) to acquire and activate users. The great thing about a season-long contest (ie NFL Survivor or season-long golf contest) is that people keep opening the app to make their picks, check the standings, etc. - this gives us a great opportunity to reengage them with shorter duration contests (daily/weekly games).

The great thing about a season-long contest is that people keep opening the app

You aren't a first time founder and previously had a successful exit in the cannabis sector; what are your perspectives around the currently regulatory environment in gaming relative to your experience in your former vertical and how do you see regulation evolving in fantasy sports?

It's interesting to follow the evolution of DFS 1.0 to 2.0, and more recently, the rise in popularity of the sweeps model. In any market with an evolving regulatory landscape there are always people who push the envelope to drive change - ultimately resulting in some of these new games/products being codified with regulation. For us, we are firmly entrenched with our peer-to-peer contest offerings and don't plan to have any games 'against the house' via sweeps or any other mechanism. That said, it's exciting to watch the industry continue to change and grow, and we believe the proliferation of new ways to enjoy the gaming space are good for the industry.

Jacob Fortinsky - Novig

A year ago if we were doing this interview, Novig was launching its exchange business in Colorado. You are now launching a sweepstakes product to compete with Fliff and others, walk us through the decision to make the pivot? What were the discussions with gaming regulators like when you essentially handed back the keys to a traditional OSB market?

We launched in CO in large part because of their openness to exchange wagering, but for a number of reasons we were ultimately forced to operate as a low juice sportsbooks rather than a true peer-to-peer exchange. We did incredibly well over our short stint there — growing 90% MoM, seeing industry low CAC, high retention, and stellar user feedback — and it also forced us to build a best-in-class sportsbook ourselves: research, trading, PAM, risk management, low-latency in-game betting, and more.

Ultimately, the opportunity to expand to 42 states and implement a true exchange was too good to pass up, though, which is why we're now all in on the sweepstakes model. It allows us to increase our audience by over 50x and reduce our costs by a third, so although our initial goal was revolutionizing the regulated OSB industry, we realized that our main priority was getting our product into as many hands as possible and building the best sports prediction app, period. And this is how we'll do that.

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DFS/Sweepstake/Fantasy Sector

I'd love to get a sense of how big you think the sports sweepstakes market can be and what the overall competitive landscape currently looks like within this category? How is the product at Novig going to differentiate itself versus the competition?

It's anti-competitive, anti-consumer, and anti-innovation — and it's unclear if things are even moving in the right direction.

I think the sports sweepstakes market could ultimately get to be the size of the regulated sports betting industry within the next few years if it continues at its current pace. Of course, the competitive and regulatory landscape will likely change, but the current regulated sports betting industry is set up deliberately to only allow 3-4 high-margin operators to succeed. It's anti-competitive, anti-consumer, and anti-innovation — and it's unclear if things are even moving in the right direction. The sweepstakes space will force the industry to innovate, similar to how DFS did, but probably to an even greater extent.

Right now, the sports sweepstakes is crushing it but is only really succeeding as a regulatory arbitrage. In other words, most of its success is in states where companies like FD and DK can't operate. Of course, we expect to see greater penetration in states like CA, TX, and FL, but we also want to compete on product in every state. You can essentially think of us like Fliff but with ~3% better odds, the ability to offer your own odds (ie, be your own house), and no limits or bans for winning bettors.

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Social Sector

Sim Harmon - KUTT

Sim, welcome back to our publication series as you were our guest in Volume 2 of The Nexts with XST Capital recently; your story is fresh for most of our readers however, what does the football season mean for a business like Kutt?

Like most of the respondents, football marks the busy season for our business. We expect to have a more engaged user base this season, as we have launched a feature that groups fans of the same team together - this community function plays into the social nature of our platform and allows fans to interact directly with each other beyond just betting. The next step is pinning fans of one team directly against the fans of the team they're playing that week, creating the ultimate weekly competition where people can talk smack and back it up with real money.

Kutt offers players the opportunity to wager on non-sports products like political outcomes; obviously that activity must be heating up for you more recently, at the end of the day is sports ultimately a good engagement/demand generation hook for you to ultimately address customers that want to place a bet on these events?

Sports betting is the hook that gets a user in the door...and once they're in, they realize they can bet on other markets.

We've found that most people who like to bet on sports like to bet on other things, but don't know where to do it. So, in that sense, sports betting is the hook that gets a user in the door...and once they're in, they realize they can bet on other markets: politics, pop culture, finance, and more. Our 2024 Presidential Election markets have been heating up, as everyone has an opinion about what will happen in November. Our hope is that our variety of markets acts as a two-way funnel, where sports bettors start betting more on non-sports markets, and non-sports bettors start betting more on sports.

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Lottery Sector

Brad Cummings - EQL Games

Your company creates and also delivers iLottery game content; how do you capitalize on the uptick in activity that naturally occurs during football season around wagering to drive your business and also perhaps expand the adoption of digital gaming products particularly as much of the traditional lottery space is reliant on legacy tech and or printed products?

Being able to create products that actually give players a feeling like they are "in the game" is a big part of our focus moving forward.

There isn't a real correlation between football season and an uptick in our business, but popular properties such as NFL football open up opportunities in the lottery industry to move the needle. Especially as we lead the way in how tech is utilized in the lottery space, being able to create products that actually give players a feeling like they are "in the game" is a big part of our focus moving forward. So whether it's football, your favorite movie, or simply more dynamic game play on more classic game play styles, EQL Games is introducing a better way to engage with any property through enhanced animations and a tech stack that allows for max flexibility to respond to our lotteries' needs and desires.

Tom Metzger - Lotto.com

Tom, lets address one of the big stories in 2024, one of your main competitors in the lottery courier market Jackpocket was acquired by DraftKings earlier this year; so that perhaps shows us that OSB's see value in adding complimentary products like lottery; what are your thoughts and how does that change your strategy for Lotto.com if at all? I'd also like to get your thoughts on the adoption of lottery courier and how many more states you expect to approve these products over the next few years including digital scratch products?

The DK acquisition does not change our strategy at Lotto.com at all. We have the benefit of a \$100+ billion market with less than 5% online penetration and only a few competitors. Right now there are 46 state lotteries and only 12 of them have the authority to operate online (iLottery). The rest are potential courier markets. We are currently available in ten states, so there is plenty of green field for us. Our revolutionary digital scratch product is currently available in six of our ten states. We expect to continue to add multiple states per year until we run out of states with lotteries.

Billion dollar jackpots have become very common in the lottery sector with Powerball and MegaMillions; with that said, unlike in sports betting where just about everyone knows they can play online, the uptake to digital has still been very slow, how does Lotto.com solve this problem and continue to push uptake versus the traditional walk into a convenience store approach that most people are used to? Is this a trust factor and how are you solving it or looking to make it accessible for consumers?

THE NEXT WITH XST CAPITAL

Lottery Sector

It is Lotto.com's mission to generate incremental players and returns for the good causes that lotteries support.

For starters, I think the lottery industry benefits in a major way from the proliferation of OSB and iGaming that nobody talks about: unlike in Europe where they have had online gaming for decades, we here in the USA are just getting started. Therefore, as customers get used to wagering online, lotteries benefit terms of both behavior and trust factor.

With regard to lottery retail, it is Lotto.com's mission to generate incremental players and returns for the good causes that lotteries support. We specifically do not want to convert the customer that buys a lottery ticket with their cup of coffee in the morning. We cater to the wealthier, younger, more tech savvy customers that currently do not play lottery at retail.

THE NEXT WITH XST CAPITAL

Regulatory Technology Sector

Matt Holt - IC360

Matt, you recently changed the name of your business from US Integrity to IC360, walk us through that decision and how does it reflect the broader vision for the company going forward? Unlike just about any company serving gaming IC360 has incredibly close ties not just with operators but sports leagues given the importance of compliance to these groups, can you share some anecdotes or commentary on the prospects for additional regulation, positive or negative over the near-term?

The growth of U.S. Integrity over the past six years was amazing. We work directly with almost every major professional and collegiate sports league, operator, and regulator in the industry. As a result of earning the trust of the entire industry we noticed that stakeholders started approaching us when they needed to solve industry problems. Thus, we started building and launching lots of new compliance related services for the gaming sector, including what I believe to be the most important new product launch since the repeal of PASPA in ProhibiBet, our prohibited bettor solution. Thus, when we completed the merger with Odds On Compliance, we did a deep dive into all the different service and product verticals we had and realized we now had 16 different product and service offerings and thus a brand change that reflected this more comprehensive compliance approach was needed. We thought IC 360 was perfect as it represented a full 360-degree approach to regulated gaming compliance.

To put it mildly, the integrity of professional sports has been under a lot of scrutiny given some of the recent athlete scandals (Johntay Porter and Shohei Ohtani among several others) around wagering of late. IC360 plays an integral role in rooting out the bad actors; what are your expectations and goals for how monitoring can continue to expand and improve going forward to prevent these issues from occurring?

There were over 200 prohibited bettor cases the last 18 months and using technology and enforcement of current regulations, this is a problem that the industry can solve.

Working closely with the leagues, I am proud to say they are as committed to the integrity and sustainability of sports as any other stakeholder. They are not regulatorily mandated to participate in compliance and integrity programs, yet they do. They have committed more dollars to education, treatment, and awareness programs as any stakeholder in the space and continue to maintain open dialogue and information sharing for the betterment of the industry. I think from a regulatory standpoint we can expect to see stricter enforcement of prohibited bettor mandates coming down the pipe. The technology and solutions are not only here but have been tested and working with most stakeholders in the space already. There were over 200 prohibited

bettor cases the last 18 months and using technology and enforcement of current regulations, this is a problem that the industry can solve and one I expect to see regulators take a stricter stance on in the next couple years.

THE NEXT WITH XST CAPITAL

Regulatory Technology Sector

Chris Oltyan - Compliant

Chris, for most, Compliant is a fairly under the radar business in the gaming industry yet you have very strong market share within the gaming industry in the niche that you serve, can you tell us more about what you do and how you play a critical role in gaming industry compliance?

Licensing compliance is the niche we sit in, and simply put, it's essential in order to operate in the industry. Specifically, if you are not properly licensed, you cannot legally do business. The reason we've had good success with the largest operators in the industry is how we're defining a supporting segment we're calling Licensing As A Service. There's a lot of oversight on iGaming and Sports wagering companies in the US. That comes not only with financial regulations, but also on the licensing of the business entity and employees that work in that entity. When you have a large workforce across multiple jurisdictions, that could mean tracking literally thousands of licenses that need to be acquired, renewed, or updated in some way every year. This problem simply didn't exist before PASPA was struck down, and its emergence was stalling the growth of some of the largest players in the industry.

We built a platform that automates the acquisition and management of those licenses so those companies can continue to grow. Companies that work with us have been able to move more quickly into new jurisdictions, efficiently surge their workforces seasonally, and increase the number of licenses they can manage per employee by literally a factor of 7.

We built a platform that automates the acquisition and management of those licenses so those companies can continue to grow.

As far as longer term impact, we hope to allow more new players into the market and to help the market grow overall. When speaking with customers, present and potential, we know they sometimes were looking at over \$250k in legal and consulting fees over 9 months just to get started. This isn't even including the costs for the actual licenses themselves which can be significant. Leveraging our platform, we were able to launch a new operator for less than a tenth of that, in 1/3 the time. We look forward to helping new technologies and products come to market more efficiently, and growing with them over time.

Our NFL preview report features all stripes across regulated OSB's, DFS+, and sweepstakes; how does Compliant work with these groups and I'd welcome your 30k foot perspective on broader licensing and regulation across these verticals?

At the end of the day, licensing can be broken down into the following steps:

- Figure out what the regulator wants - What people and entities need licenses, what qualifications you need to get a license, and what limits there are
- Collect all that information for the appropriate entities - Sensitive info, documents, time dependant materials
- Format it in a way that the regulator wants - Usually a PDF form, sometimes on a website
- Submit all required materials - Payment, notary, signatures, and other items as well
- Renew and update as needed - Whenever regulation changes, info of the licensee changes, or some random amount of time passes

THE NEXT WITH XST CAPITAL

Regulatory Technology Sector

None of the above steps build value for a business. They are things businesses have to do in order to be in compliance. Depending on the industry, and how many different jurisdictions you operate in, this grows exponentially in complexity. As businesses look to expand, minimizing time spent on non-value building activities becomes more and more important.

This isn't to say we replace a licensing team, because we don't. We allow a licensing team to focus on things other than rote paperwork. Understanding the implications of a change of regulation in terms of how it impacts your hiring plans or even the titles of employees in the company is complicated stuff, and deserves attention and focus. Filling out slightly different forms with the same data over and over again does not.

We work with all groups looking to acquire and manage licenses by automating the annoying bits, and giving you that time back to focus on the important bits.

THE NEXT WITH XST CAPITAL

Betting Tools Sector

Evan Kirkham - Outlier

Evan, for anyone that follows you on LinkedIn, you recently posted 30 innovations that Outlier was driving in 30 days, is there a 31st you have for us? In all seriousness, what is the biggest opportunity for the tools space, serving novice, intermediate, or advanced bettors; or all of them?

We don't tell the market or our users what they want. Instead, they tell us what they want.

Truthfully, I have no idea. I know that might sound like a non-answer, but it's actually part of our strategy. We don't tell the market or our users what they want. Instead, they tell us what they want. We're collecting hundreds of pieces of qualitative feedback every week and are triaging/executing on that feedback at breakneck pace. In the next 6 months, we're working to supercharge that Product-Led-Growth machine. If the market is demanding a new feature set, we know about it first.

How are betting tools companies thinking about their relationship with sportsbooks particularly as the affiliate model and customer acquisition strategies continue to evolve?

Our thesis is pretty simple. Over time, sportsbook affiliate fees (FTD payments) will dry up. We don't think it's smart to build a business around those fees. Instead, tools need to be thinking about how they can partner more deeply with the sports books in ways that add additional/differentiated value to their users.

Ricky Gold - JuiceReel

Ricky, I'll give you credit for taking on the opportunity to leverage AI fairly early, at least 6 months before many of your peers which feels like a relative lifetime in the gaming vertical, tell our readers more about JuiceReel and how its leveraging AI?

Appreciate that, Joel. A.I. has applicability within our business in a variety of places, from some of the more flashy use-cases to also some behind-the-scenes productivity utilization. You're spot on in that 6-months feels like a lifetime in the gaming vertical, but I'd add that 6-months feels even more warped in the A.I. vertical. With A.I. evolving so rapidly, that rate of evolution actually brings new challenges into the mix when you think about actual business integration and adaptability. New models with new/better performance are coming out so rapidly and associated pricing is also a bit volatile, so we have to think modularly and nimbly about its utility so we can ride the coattails of its continual evolution. One other aspect that shouldn't be overlooked is that, for as powerful as A.I. is, the manner in which a human sets up its integration and interactions with it is by far the biggest driver of efficiency and ROI gained from it.

THE NEXT WITH XST CAPITAL

Betting Tools Sector

Candidly, I was looking forward to the Betting Tools section of this piece as I find it a very dynamic category; JuiceReel allows consumers to subscribe to various user generated data sets or buy picks, what is the right sweet spot for your business and consumers versus perhaps products like Oddsjam/Unabated that are largely targeting the professional gambler?

Our collective user-community's betting data is pooled together and leveraged in a bunch of different areas of the app to help the entire user base bet smarter.

So to set the scene, Juice Reel is a tool built for bettors of all skill levels and allows each bettor to link in any/all of the sportsbooks they play to import all of their bets automatically. From there, Juice Reel users are armed with a set of tools to understand and improve their own betting, but also our collective user-community's betting data is pooled together and leveraged in a bunch of different areas of the app to help the entire user base bet smarter. To your question on positioning sweetspot, our goal is to be a tech layer and toolkit that sits between all sports bettors and all sportsbook, in all markets. We think about achieving that goal by building a featureset that creates value for both newbies and professionals, but then also creatively intertwining offerings such that newbies can gain value from understanding what/how the pros bet, and pros can gain value from newbies' data and their demand for advice. Most

importantly, outside of certain features that yield more to pros or newbies, we have a bunch of core features that make the experience fun and helpful no matter how advanced of a bettor you are.

Cooper Lycan - SoBet

Cooper, SoBet is very focused on the social influencer market and a different user experience versus other betting tools out there; tell us more about how you are differentiating versus the competition?

We focus on building an elite user experience and brand through a creator-based community. When people come to SoBet, not only do they receive immense value through what the platform has to offer ie. the leaderboards, the ability to engage with a community focused on the best betting practices, more information at a lower price point than anyone in the market...the list goes on, but the user also feels a personal connection to the creators and other users within the ecosystem. Our VIP channels offer a one-on-one experience, and our creator-driven chat boards, which are attached to specific games or certain bets, provide community-based entertainment. At SoBet we believe that most of the casual betting market could care less about making pennies on the dollar, dedicating hours just to prove they have a mathematical edge. People want to feel like they're winning, part of something bigger than themselves, and have a good time doing it. At the end of the day, that's the experience and product we're aiming to build to attract casual bettors in the majority of that market. It's also precisely why we've signed up tens of thousands of paying customers, thousands of whom are picking up their phone over 4 times a day, to open SoBet and engage with the product.

People want to feel like they're winning, part of something bigger than themselves, and have a good time doing it.

THE NEXT WITH XST CAPITAL

Betting Tools Sector

We have IC360 as a panelist in this report as well and they are very focused on the integrity of professional and amateur athletes, to that end, how does SoBet manage the integrity of the picks and suggestions authored by its content providers?

We currently have an automated bet tracking system that identifies any bet posted on the platform and captures the data on the back end for tracking and ML model training. We recently rolled out leaderboards, our first product visualizing the data we're collecting. It displays ROI-based rankings for the past 24 hours, 7 days, and 30 days. We also have someone working as a mechanical turk on the backend to ensure the model's accuracy. Ultimately, we want our users to have access to the hottest bettors and allow them to celebrate their winning streaks together as a community. As we continue refining our tracking and data collection, we strive for everything displayed on our platform to be 100% accurate. We also aim to educate our users on best betting practices as much as possible so that they can participate in the entertainment activity of betting without detriment to their wellbeing.

Pranav Tadikonda - Pikkit

Pranav, Pikkit has a massive user base and has rolled out a lot of interesting product tools even in the last 6 months versus a year ago when the business was largely focused on pick tracking, tell us more about what we can expect to see from you during NFL 2024 and into 2025?

We've always viewed bet tracking as the core of everything we do and spent a lot of time in the early days making that experience as seamless as it could be. Thus far, 2024 has been an exciting year for our users and our team because we've been able to build compelling features that build on top of user's bet tracking experience. This fall and into next year, we plan to have an increased focus on improving the in-game tracking & betting experience — and example of this is our newest Pikkit Pro feature, Dynamic Projections. This feature gives users a real-time window into their projected profit based on each of their placed bets' in-game win probability. Besides simply being a more entertaining in-game experience, a feature like Dynamic Projections surfaces actionable insights, such as finding in-game hedge opportunities or evaluating sportsbook cashout offers.

Historically Pikkit was very focused on scaling its user base with a very compelling free product, now you are offering a number of subscription alternatives that are targeting users that want a deeper level of engagement, how is this transition tracking and what has the uptake looked like? I'm curious, what do you see as the pricing sweet spot for betting tool products so that they can appeal to enough users while ultimately maximizing adoption for platforms like Pikkit and others?

We are incredibly proud of the community we've built via our free bet tracking and community tools, and we're eager for the opportunity to grow the overall user base while building Pro features for our most engaged users. The 2024 NFL season is shaping up to be really exciting as we continue to push out innovative features to help our users win more bets and have more fun doing so.

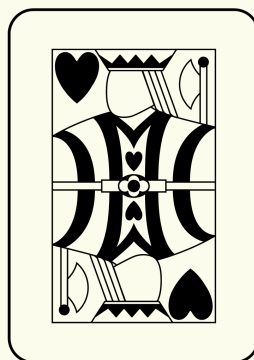
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