



XST CAPITAL GROUP LLC
CAPITAL. M&A. STRATEGY

THE NEXT

SPECIAL EDITION

2024 Best of the Next

Since our launch back in May, we've had the privilege of sitting down with some of the most innovative and visionary leaders in the digital gaming and sportsbetting industries. Through these conversations, we explored the cutting-edge strategies, transformative technologies, and bold ideas shaping the future of these dynamic sectors.

This special edition serves as a year-in-review, highlighting the insights and perspectives shared by the trailblazing CEOs and entrepreneurs who are redefining the industry. From the rise of peer-to-peer betting platforms to the integration of AI in sports analytics, and from community-driven engagement models to breakthroughs in responsible gaming, each interview offers a unique window into the opportunities and challenges ahead.

As we look back on 2024, we invite you to revisit the inspiring stories and forward-thinking strategies that define the leaders of the industry. Whether you're an investor, operator, or enthusiast, this compilation is designed to provide valuable takeaways and spark ideas for what's possible in the ever-evolving world of digital gaming.

Let's reflect, learn, and step into what's Next together.



THE NEXT WITH XST CAPITAL

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Sporttrade CEO Alex Kane



Our first interview here at XST Capital featured Alex Kane, CEO of Sporttrade, a licensed online sports betting (OSB) operator. Sporttrade targets high-stakes bettors, offering superior pricing and a unique user experience compared to competitors. In this interview, Alex discussed Sporttrade's business model, challenges, and future plans, including its strategy in a competitive market and its advocacy for regulatory reform to benefit both bettors and the industry. Kane emphasized Sporttrade's commitment to a fair and regulated environment, contrasting its approach with other OSB operators and the rise of unregulated sweepstakes platforms. He also shared insights into Sporttrade's performance metrics and customer acquisition strategies.

Best of Volume 1 with Alex Kane:

As you know, I've been a huge champion of the exchange betting market here in the US. I'm sticking to my thesis that this product will continue to gain steam as savvy bettors look for better pricing, execution, and value with brand increasingly commoditized longer-term. Can you give us your latest take on the future of the category particularly when it appears that your other exchange peers are pivoting their businesses into sweepstakes for instance, why not follow their lead?

Yeah it would not surprise the reader to know that I think about this a lot. I suppose I'd start here: if you are reading this and you have any historical knowledge of 'exchange betting,' I suggest you completely wipe your hard drive. That prior knowledge almost certainly won't apply to Sporttrade. Sporttrade is a premium betting app that has two unique advantages; you can get big size down at incredible prices, and your existing bet will always have a fair liquid value. I think if we only had great prices and size, wrapped in an average or sub-par UX, we'd probably be looking at 2-3% long-term market share in the US. It's on that second point where there's just so much room to expand and create a foundationally different user experience. I think the ceiling for what we want to achieve is probably in the range of 30% of all betting volume in the US, recognizing that we're talking about a long-term plan. In terms of why stay in the regulated market, there are lots of answers to this, but I think the most important of which is that for the player we're addressing, the premium, VIP player, it's going to be easier to bring the player on as a regulated operator. There's of course a lot of nuance and without revealing too much of our strategy, I would say we're always evaluating where we can deploy our business model and understanding our legal means of doing so.

I've always thought you are wise beyond your years and a great voice for the next generation of the sector; given the zigs and zags of your journey more recently, what advice would you give to Alex Kane a few years ago and perhaps other young founders today navigating their startups and having to make very challenging decisions about their businesses?

The best advice I could give to young founders in this space is to never give up. You'll get a lot of feedback from folks who probably have never tried to start anything themselves, and it might not be a bad idea to sort of ignore that advice. To start your own business, especially in this space, you must be a tad crazy. Don't get dejected if you get bad feedback from those who don't think outside the box.

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KUTT CEO Sim Harmon



Our second interview featured Sim Harmon, CEO of Kutt, a social betting app that facilitates peer-to-peer betting on a range of topics, including sports, politics, and pop culture, while integrating social features like chats, leaderboards, and user profiles. Kutt differentiates itself from traditional sportsbooks by creating a community-driven experience with better pricing and personalization. Harmon discussed Kutt's origins, its growth to 10,000 users, and its reliance on user-driven marketing and partnerships with entities like ESPN LA and FoxSports Philly. He emphasized the app's focus on compliance with regulatory standards and its vision of disrupting the betting space by blending betting with social networking. He noted that a recent survey revealed strong interest in Kutt's concept, highlighting its potential to tap into a growing market for social and non-sports betting.

Best of Volume 2 with Sim Harmon:

As most founders in the digital gaming sector know, I love to kick the tires and give the product a whirl. When I started using KUTT, you and I synced up to talk some trash as we went head-to-head on some bets and I enjoyed the social features that were at my disposal against players I didn't know. Tell us some more about what you are seeing from the social experience and how that helps drive the business?

We've found that retention is higher on our platform because of the social features. People tend to bet more when it's against friends or other people rather than a traditional book. Our social features increase the connection between both the user and the platform, as well as the user and other users. While many of our users know each other outside of the platform, we are also seeing tons of new connections form between two people who didn't previously know each other. Users will start a conversation with a person who accepted their bet and this will blossom into a friendship. Everyone has a user profile, so you always know who you're competing against on every wager. You can chat with every single person on the platform, and we have a robust "Groups" function that acts like a message board/public forum for people to chat with each other. Through our onboarding questionnaire and some backend intelligence, we match users with shared interests to deepen community connections. What we're seeing here is what we've seen from members of the "online gaming" community for years - online friendships that turn into real-life friendships.

I think there is a common misconception that the sports wagering market is game-set-match with the dominance of DraftKings and FanDuel at least in the OSB market, what do you ultimately see as the opportunity for KUTT particularly as its growing in the peer-to-peer category and how do you challenge this overall notion?

I'm glad you asked. You have to look downstream at different business models within the betting space - this is where the innovation lies and gives some insight into the future of consumer behavior. The new and non-traditional platforms (i.e. the "non-house" model businesses) are being embraced by the consumer, and industry investors are taking note. Just as the current betting space looks very different than the 2018/2019 era, the future betting space will look quite different from how it does now. My belief (and our stakeholders' belief) is that social and P2P betting is where the industry will head.

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Playstar CEO Peter Ekmark



Our third interview featured Peter Ekmark, CEO of PlayStar, a North American online-only casino. Ekmark discussed PlayStar's business model, focusing on its regulated market strategy, performance-driven marketing, and personalized customer experience. He highlighted the company's rapid growth in New Jersey and plans for future expansion within North America. The interview also covered PlayStar's brand identity, loyalty program, and product roadmap, emphasizing its unique approach to player engagement and gamification.

Best of Volume 3 with Peter Ekmark:

Being online casino only, how important do you think it is for operators to have multiple brands and or platforms? Put another way, in the physical casino world we see operators have multiple casinos next to each other; do you think its critical to have a change your luck casino and is PlayStar thinking about additional brands going forward that appeal to different demographics?

We do think the multi-brand approach is something that the US market will grow into, similar to what we have seen in multiple other more mature markets, e.g Europe. It will take time for the market to mature. However, the ability to tailor a brand to specific customer base with a specific user journey makes a multi-brand approach a compelling way to expand your audience, but also a very powerful tool to manage retention.

As a challenger brand we are constantly evaluating various business cases to enhance and expand the journey and experience for our players. Ultimately we want to give our customers the most personalized, localized and gamified experience in the market. We want our customer to be the Star so we put a lot of effort into developing our brand and product according to customer feedback.

You live in Malta and the PlayStar team has a global presence with some your group spread across the rest of Europe as well locally here in New Jersey. How do you think about scaling your team as the business continues to grow while trying to manage expenses and keep things relatively lean?

Firstly, having some of the management team in Continental Europe and UK has helped us grow fast as we've been able to tap into a pool of long-standing industry experts in iGaming. This has meant we've been able to focus on delivering and not having to learn as we go. We've also then been able to leverage local knowledge in New Jersey so that we ensure we truly deliver that localized feel and customer service in the garden state.

The great thing about being spread out in different time zones, is it means that we are truly a 24/7 business. The US team can hand off to our European colleagues at night on the East Coast. The team in Europe is half a day ahead, so they can make tactical decisions and draw up plans. When the team in NJ comes back online, they're ready to execute fresh plans and manage the patrons in real time. It means we can be one step ahead of the working day and also truly manage the business 24/7.

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2024 NFL Kickoff CEO Roundtable

In August, XST Capital published the 2024 NFL Kickoff CEO Roundtable, featuring interviews with 18 CEOs from various segments of the digital gambling ecosystem. The roundtable discussions covered key industry trends, including regulatory changes, technological innovations (like AI), and marketing strategies for the 2024 football season. Participants shared their perspectives on the challenges and opportunities within their respective sectors (online sportsbooks, DFS, lottery, betting tools, and regulatory technology) and analyzed the evolving competitive landscape and the future of the industry.

Best of NFL Kickoff CEO Roundtable:

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?

Greg Dean, CEO of inplay.ai and HotStreak: 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'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?

Jacob Fortinsky, CEO of Novig: 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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WagerWire CEO Zach Doctor



Our fourth interview featured Zach Doctor, CEO of WagerWire, a company that operates a secondary market for sports bets. WagerWire partners with sportsbooks, offering a platform for users to buy and sell bets, increasing engagement and revenue for both WagerWire and its partners. Zach discussed WagerWire's business model, competitive advantages, and future plans, highlighting its B2B2C approach and rapid growth. He also spoke on Wire Media, WagerWire's media division that generates its own revenue and builds brand awareness.

Best of Volume 4 with Zach Doctor:

From a competitive standpoint, you aren't the only betting marketplace out there and there are some other groups like PropSwap, BetSwap and others that have been trying various approaches to succeed. Tell our readers how you are different from the competition and perhaps why you think your model is best positioned to succeed?

That's right, there's a couple others in the space. But we don't spend energy worrying about them. WagerWire is a different animal - we're not just a white-label widget, and we don't broker paper tickets through the mail. We're the only betting marketplace that has this combination of cutting edge in-house technology supercharged with media, content, education, and community. We invite the players into the arena and elevate them. Bettors selling with us have made national headlines and reached betting celebrity status.

To put it plainly, we're building an ecosystem, not a feature. We want to own this type of betting. When you sell your bet, you're *putting it on the Wire™*.

I find it interesting that you are both trying to develop a B-C brand and also trying to be a B-B company by developing direct relationships with the books; both of which have their own unique challenges and opportunities. Tell us a little about how you are developing the B-C brand with fairly limited resources, what is the secret to success there?

Our B2B2C distribution model is truly what sets us apart in the industry. It's an innovative approach to a complex problem that has a big reward for cracking it. We are not just a marketplace, we're a solution to an immature industry.

Pure B2B is likely a straighter path to distribution because it follows a more traditional structure, but you run into challenges later as you lose control of the product experience, your upside opportunity is capped, and you eventually get squeezed on both sides from vendors raising prices and operators cutting margins. On the other hand, pure B2C is expensive and extremely competitive. It feels like you need to raise \$50M+ just to see if it works (and the graveyard of attempts is starting to get crowded). B2B2C is the best of both worlds. Distribution through our partners means we don't need to fight for customer acquisition. We have never paid a dime on performance marketing, and have built a thriving brand and community. Plus, we have a much lighter cost structure than a sportsbook as we are classified as a vendor/supplier and only require lower levels of state licensing.

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GRIDRIVAL

GridRival CEO Ross Fruin

Our fifth interview this year featured Ross Fruin, CEO of GridRival, a DFS platform focused on motorsports. Ross discussed GridRival's business model, growth strategy, transition to real-money gaming, and future plans, including potential expansion beyond motorsports. He highlighted the company's success in attracting a large user base with a relatively modest budget and emphasized the importance of community and social engagement in attracting and retaining users. The interview also touched on GridRival's potential exit strategies and the challenges of navigating the regulatory landscape of the real-money gaming industry.

Best of Volume 5 with Ross Fruin:

GridRival has raised just shy of \$10M to this point. How have you managed to roll out and differentiate GridRival on a modest budget? How are you managing your expansion relative to the sector's still challenging capital markets environment?

Our capital efficiency has largely been fueled by attracting people who are passionate about our mission. To an outsider, it's not immediately clear that we've built our own player account management system, scoring engine, and trading platform for our Picks game. Additionally, we set all our own lines in-house and are the first to market with racing odds each week. This is on top of the three products we've developed—season-long leagues, Daily Fantasy, and single-player Picks—all with a team of just seven full-time employees.

None of this would have been possible without a team that is deeply committed to our mission of "providing the world's race deeper engagement and community with the sports they love." In my experience building two companies, few things have driven success more than having team members who are genuinely inspired by the mission and vision they're working toward.

Do you ever plan to move outside of Motorsports?

This is one of the most common questions we receive from investors. Although we're confident that motorsports is the largest underserved opportunity in this space at the moment, it certainly isn't the only one. Many of the problems we're solving in building GridRival aren't specific to motorsports but to a niche in general. Sports like Golf and MMA each have unique attributes and followers that set them apart from traditional sports in a unique enough manner that an audience-specific product could be effective.

In the long term, if an obvious opportunity presents itself to significantly increase our TAM by solving the same set of challenges for another audience and doing so will not negatively impact our current audience, we would be unlikely to turn it down.

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Betsperts CEO Reid Rooney



Our sixth editon featured Reid Rooney, CEO of Betsperts, a digital gaming company specializing in sports betting, fantasy sports, and community-driven platforms. The company owns and operates brands like Betsperts App, Bleacher Nation, 4for4, Dynasty League Football, and Betsperts Golf. Reid detailed Betsperts' roll-up acquisition strategy focusing on community-based platforms within the fantasy sports and sports betting markets. The interview also covered their business model, which incorporates free and subscription content, and their approach to user acquisition and retention.

Best of Volume 6 with Reid Rooney:

Betsperts' brands range from free community to subscription content. How does this strategy work towards your multi-brand strategy and scaling your audience? How do you contrast that with some of the competition out there, at least from a pricing perspective?

Each property has a bit of a different strategy on paid vs free content and we try to optimize for each property's userbase. We use free content on subscription platforms as an organic marketing tool making sure we are maximizing our reach and SEO capabilities. We also have multiple categories of revenue with affiliate, subscription, advertising, and our DFS game so each piece of content needs to have a goal behind it whether it is for one of those revenue categories or for user retention. Our subscription pricing is typically on the less expensive side compared to competitors. We value the opportunity for new users to try the subscription at those price points as well as the high retention rates that come with our price points. It has always been a conversation point internally, but if we treat the customer right and provide a quality product, service, and community for affordable prices we believe we will continue to see our retention rates be very high.

Betsperts Group utilizes a roll-up strategy to expand and scale its audience. Where do you see opportunities for expansion, and what sub-verticals within gaming are you looking to move into? Is iGaming an area where you plan to spend more time going forward?

Great question. We absolutely plan to continue to roll up businesses. We have found great success in doing so. We strongly believe in the iGaming vertical moving forward, but we want to make sure that we are acquiring high retention revenue businesses or businesses with significant community-based traffic. We want to make sure that we are capturing our user's attention every day and throughout the day. Maintaining our user's attention is imperative to our strategy as we grow our affiliate and subscription revenues and iGaming legalization comes closer.

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ShotQuality CEO Simon Gerszberg



Our seventh interview featured Simon Gerszberg, CEO of ShotQuality, a company specializing in basketball data analytics. ShotQuality uses proprietary technology, combining computer vision and human expertise, to provide highly predictive shot quality metrics. Their data is used by coaches, bettors, sportsbooks, and media companies to improve decision-making and enhance understanding of basketball games. Simon detailed their plans of expanding into other sports while maintaining a strong media presence to build brand awareness and community engagement. Simon also discussed the challenges and opportunities of the business, including data autonomy and the integration of human insights with AI.

Best of Volume 7 with Simon Gerszberg:

ShotQuality sells player location data to some of the top syndicates, odds providers, and media companies. How are you managing these partnerships, and how do you convince these platforms to let you address this technological gap rather than keeping it in-house?

We let the data speak for itself. One of our core strategies is to demonstrate value upfront by offering potential clients the chance to test our data sets before making any long-term commitments. This allows them to directly compare our unique, predictive data against their existing models. That hands-on experience is critical in showing how seamlessly our data integrates with their systems while boosting their ROI.

We understand that our data isn't the single, definitive answer for predicting games, but it's a crucial piece for getting as close as possible to the true price. By addressing gaps in their models and providing highly predictive player metrics, we show these platforms that outsourcing this specialized task to us delivers better results than trying to build their own data extraction teams, which sportsbooks haven't successfully done quite yet.

You seem to have a huge passion for statistics and the benefits they can have in sports analysis. How do you see this facet of the industry evolving?

The obvious answer is AI and increased automation, but I truly believe that there will always need to be a human in the loop to guide these AI tools toward being as effective and efficient as possible. For instance, traders will continue to play a significant role in effective bookmaking, as I don't believe it's possible to perfectly automate everything. While AI models and automation will undoubtedly expand, human insights are crucial to ensure these technologies are applied in the right way.

So yes, as data and AI get stronger, we'll see more automation in sports analysis, but the focus should be on positioning humans to leverage AI to their advantage. It's not just about replacing manual tasks but empowering people with smarter tools to make better decisions.

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idPair CEO Jonathan Aiwazian



Our eighth interview was the first edition after our new redesign, and featured Jonathan Aiwazian, CEO of idPair, a company focused on responsible gaming in the digital gaming industry. Aiwazian discussed idPair's technology, which uses anonymized data to identify and mitigate high-risk gambling behaviors across multiple platforms and states. He highlighted the National Voluntary Self-Exclusion Program (NVSEP) as a key initiative and emphasized the importance of collaboration between operators, regulators, and research institutions to improve player protection. The interview also covered idPair's future plans for technological advancements in responsible gaming and expansion into new sectors.

Best of Volume 8 with Jonathan Aiwazian:

As responsible gaming and regulation grows in the gaming ecosystem, more and more competitors are entering this space and looking to create the best solution. How do you view this competition, and what sets idPair apart?

When idPair first launched, we were told by really smart people that the vision was too bold, that operators would never collaborate on data sharing, or that a pure Responsible Gaming company was not viable. It is this same thinking that gave us a major head start among those who would now be considered competitors. Having safer gaming in our DNA means that we are not just rebranding an existing product and adding 'RG' to its name. Our technology was conceived and built with a 100% RG focus. That being said, we are proud to have played a role in changing attitudes toward player protection, which had historically been an a box-checking compliance exercise.

As for competition, I view this as a positive for both the industry and our company. Real innovation is coming to protect players from a variety of sources, with much of it being complementary. Not only is there plenty of room for collaboration, but the competition also inspires new ideas on how we can push technology even further to help reduce gambling harm.

What advice would you give to operators today making challenging decisions regarding responsible gaming and protecting their consumers?

Think long term. Consider the person on the other end of the wager and what would best protect them, even if it means working with competitors to provide better safeguards. Many operators, including those we have partnered with, are getting proactive because they see better player protection tools as not just the right thing to do, but something that is good for business, building loyalty among their players.

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SoBet CEO Cooper Lycan



Our ninth interview featured Cooper Lycan, CEO of SoBet, a sports betting media platform. Cooper discussed SoBet's origin, growth strategy, and unique approach to the market by focusing on a community of creators providing betting insights. He highlighted the platform's features, including a new mobile app with bet-tracking and leaderboards, and emphasizes SoBet's commitment to transparency and responsible gaming. The interview also covered SoBet's social media strategy, competitive differentiation, and future plans for the platform.

Best of Volume 9 with Cooper Lycan:

SoBet has taken an exciting approach of positioning itself against sportsbooks and creating a community to win more against them. Tell us a bit about this strategy - why have you taken this position, and what kind of path forward does it provide?

When I was incubating the idea, the only platform close to what I wanted to build was the Action Network. However, post-PASPA, the Action Network became diluted with marketing efforts trying to get people to sign up for sportsbooks, and all the relevant sports bettors left the platform (See the birth of OddsJam lol). If you are attempting to provide winning experiences through insights, there will always be a taboo if you are trying to push people to a traditional sports book. Sportsbooks want people to lose. Those two messages and brands clashing do not work.

How do you see the media industry evolving, and how do you fit into it? As well, where do you see yourself innovating the industry?

The best media businesses will fully own their customers and control the loyalty of their audience through their media elements. We want to follow suit in line with that trend, but the ultimate kicker is that people will decide who actually has the most beneficial brands, products, and messaging that they want to align with. Social Media is the great equalizer in that now marketing isn't dependent upon reaching a certain level to have the ability to access the masses, so winning with product in building something that people identify with becomes even more paramount in my mind.

How are you thinking about the long-term exit path for the business, particularly as traditional affiliate platforms that rely on SEO optimization are struggling? Are you a potential way for these platforms to better approach a rapidly changing market?

I'm currently focused on delivering winning insights/entertainment to the Kings Court (my community of over 1,000 people on SoBet), running a profitable business that delivers maximum value back to our investors, and building a product/brand that transforms an industry that has been built by a game fixed against consumers. Maybe it's time to create a game that is fixed for consumers to win?

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Dabble CEO Tom Rundle



Our last CEO interview of 2024 featured Tom Rundle, CEO of Dabble, a social betting platform operating in Australia and the US. This interview covered Dabble's growth strategy, focusing on its unique social features and technological advantages. Tom discussed the company's user demographics, marketing partnerships, responsible gaming initiatives, and future expansion plans, including a potential IPO. The interview also touched upon the challenges and opportunities in the digital gaming industry, highlighting Dabble's competitive differentiation.

Best of Volume 10 with Tom Rundle:

The Dabble app was the 2nd highest ranked sports app in November 2024 and has garnered over 1M global users since launch. What has been key to your growth over the past couple years, and how are you attracting and retaining users?

The business in Australia grew off the back of our own Technology that was built over 3 years. Once we entered the US market, we found that the underlying features we had built over this time allowed us to be highly competitive from the very start of our US launch.

We have unique features that makes Dabble as much a social media company as a wagering business, meaning customers are likely to refer their friends, and this has enabled us to get a lot of people trialling the product without necessarily spending tens of millions on marketing. We also have unique products, including our 12 pick 1000x.

We have always had a high level of focus on the small things that could cause friction. Placing an Entry or Bet, making a deposit, or getting your withdrawals into your bank should be the fastest in the business. Having accurate and fun messages as part of our engagement are the sorts of things we focus on because we know they are important. These (alongside unique products) have been keys to our customer retention.

Dabble has announced numerous partnerships throughout 2024, including OpticOdds and Supercars. How do you go about developing and rolling out new partnerships?

We are not crazy enough to try and build everything ourselves, and rather than relying on a single vendor or partners we use a range of services. We have 8 or 9 providers of data and pricing services across both our markets. We have 6 or 7 providers of payment processing across our two businesses, and we are happy to promote our partners when they are providing a good service.

In terms of the Supercars, and now our relationship with the Australian PGA, these demonstrate our move into top of funnel awareness marketing channels that continue to support our growth in Australia and demonstrate our maturity as a business. For these partnerships we've been selective, as we only want to partner with organisations that share our values of having fun. The livery on our Dabble Supercar we had for the Darwin round looked insane, and our million-dollar party hole at the Australian PGA golf event looks sick!

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2024 Private Capital Roundtable



In our last edition of the Next for 2024, XST Capital spoke with five private capital firms to get their takes on what has transpired over the last few years, key trends in the industry right now, and what may lie ahead. Hear from Evan Meyer (Astralis Capital), Alan Resnikoff (Coral Tree Partners), Davis Catlin (Discerning Capital), Wayne Kimmel (SeventySix Capital), and David VanEgmond and Peter Heneghan (Bettor Capital), to see what's going on in the digital gaming investment space. The key trends discussed were investors prioritizing profitability over growth, cautious capital raising, strategic exits the rise of sweepstakes, promising B2B opportunities, AI-driven innovation, and the importance of customer retention.

Best of Private Capital Roundtable:

Capital Deployment Opportunities: As we approach 2025, where do you see the greatest potential for capital deployment in the digital gaming and sports betting sectors?

Davis Catlin, Discerning Capital: Scaling leaders. If 2018-2021 was the wild west when even bad ideas got funded, we are now approaching a period of time where the leaders are beginning to reach escape velocity. We get excited to see that companies in the industry are reaching positive cash flow in their core and looking to build on that leadership. Those situations get us very excited.

Evan Meyer, Astralis Capital: We believe the best areas to invest are in B2C companies that are in the process of legalizing and super innovative B2B companies that can pierce the 3-4 market leaders by driving significant value to them. We continue to believe in the longer term thesis of iGaming expansion in the United States, the legalization of OSB and iGaming in Brazil and the potential for inroads to legalization throughout Asia / Ex-China.

Wayne Kimmel, SeventySix Capital: This is the time to invest in passionate entrepreneurs that are transforming the gaming industry through innovative technology, data, and analytics companies.

Emerging Trends: What emerging trends or niche technologies are currently underexplored but could experience substantial growth in the next few years?

Alan Resnikoff, Coral Tree Partners: Compliance and regulatory technology: sports betting has grown substantially since the repeal of PASPA in 2018, but cracks within the infrastructure have been on full display over the last few years, with a number of gambling-related violations across the major professional sports leagues and colleges. Organizations are struggling with how to properly educate its constituents around the legalities of sports betting, and operators have to become more sophisticated around how to monitor and catch potentially illegal activity on their platforms. As operators are normalizing their marketing and user acquisition efforts, we believe that they will turn the focus towards bolstering their compliance and backend technologies to avoid substantial losses or fines. Further, sports teams and leagues are seeing their needs evolving and as these needs become more complex and nuanced, they'll likely need to rely on independent third parties to appropriately support.

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Questions for Joel

In our last two CEO interviews, we tried out a new feature, allowing participants to ask Joel Simkins, XST Capital's founder, anything they wanted about the gaming industry. Get ready for more! In 2025, we'll be bringing you even more exclusive insights from Joel. Stay tuned for a deeper dive into the latest trends, challenges, and opportunities shaping the gaming landscape.

Best of Questions for Joel:

Cooper Lycan, SoBet: What do you think is the number one thing investors get wrong about companies they invest in that fail?

Thanks Cooper, that's a great question and I could certainly pontificate on that for a few hours! With that said, I think people, whether it's when making personal investments in public companies or private companies, may overestimate their own knowledge of the subject matter company or tend to fall back on their "gut" reaction to the overall investment thesis. I think it's easy to get trapped in your own personal views and or sometimes group think at times (ex: let me ask only sports betting experts about the subject matter). Sometimes trying to remove yourself a bit from the decision and engage external advice or try to look at things a bit more simplistically can be helpful.

Tom Rundle, Dabble: Joel, one thing I've noticed is a lot of companies (including Dabble) have intangible value in their technology that internally is a lead indicator of performance but isn't always understood by the market for years. How do analysts and bankers like yourself determine whether companies are about to be slowed down by their owned technology, or whether they have an edge that will enable sustained success?

Tom, that's a great question; at the end of the day when it comes time for businesses like yours to exit, having your own internalized tech stack that is robust, scalable, and reliable is a huge point of differentiation. Many of the investors and strategic acquirers we speak to daily are looking for the "one of one" solution versus businesses that are cookie cutter in nature. Bottom line, while it's costly to develop your own technology and might be a short-term limiting factor it should allow the company to accrete more value in the long run. Let's be honest, most potential acquirers are going to have legacy technology and the opportunity to onboard the latest platforms as well as feature sets should be in high demand. I bet if you asked DraftKings for instance if they had built their own pricing models or platform in the beginning perhaps they would have taken a different approach albeit hindsight is always 20/20.

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