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DIGITAL GAMBLING: CEO INTERVIEW SERIES

Volume 3: We talk to PlayStar CEO Peter Ekmark



Peter, welcome to our CEO interview series; it's great to have you join us to tell the PlayStar story. As a New Jersey resident and avid online gambler, I'm familiar with the product as you launched in August of 2022, but for the uninitiated tell us about PlayStar and how you fit into the regulated online casino ecosystem?

PlayStar launched in New Jersey in August of 2022. PlayStar is the textbook example of a challenger brand in the North American online casino market. We have a clearly defined approach – we are North America only, regulated markets only, online only, casino only.

Our founder, Joel Wikell, is a serial entrepreneur in the European online gaming industry and jumped at the opportunity to build a brand in North America. He approached a selection of seasoned industry veterans, which were offered the opportunity to build out a team, curate a brand and a platform from scratch – no legacy dead weight, no legacy technology, no legacy brand – all new. Needless to say, there was a strong appetite for this proposition, so we quickly built out what we think is an All-Star team.

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Building on decades of experience of operating online casino in Europe, we saw the opportunity set in North America as extremely compelling. Clearly, the market has vast potential from a top-down perspective, but most importantly, the initial market dynamics indicated to us an opportunity to carve out a niche with a clearly defined, bespoke go-to market approach. Over the last 2 years, we have proven this out, and grown the business into what it is today.

You took the helm of PlayStar about a year ago in September 2023 having had a rich career in the digital gambling industry in Europe through your experiences with Kindred, William Hill, and Internet Vikings among other key roles. What attracted you to a business that is more startup and early stage versus some of the larger organizations you worked in?

I was on the board initially at PlayStar and even from that higher board level, it was clear to me that two things stood out at PlayStar. Firstly, the people. I had previously not been involved in a business of this size and maturity where there was such a strong mix of industry experts - all with decades of experience – and all with such an enthusiasm for the brand they work for.

All have defined areas of focus and expertise, but people are truly collaborative, and there is little to no red tape. That puts us in a position to move fast. As the new kid on the block, this is extremely important and means we can pounce on opportunities at light speed.

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Secondly, the simplicity, focus, and clarity in the strategy was compelling. Return focused marketing, paired with personalized customer experience to ensure player retention and growing brand preference. The vision is easy to embrace and compounds with the wholehearted buy-in from the whole organization.

PlayStar has been making some noticeable headway in the highly competitive New Jersey online gaming market, recently finishing in the Top 10 based on monthly reported data by the state. Tell us how you are competing against much bigger organizations with substantially larger marketing budgets to carve out your niche?

PlayStar's marketing approach is overwhelmingly performance and return driven. We cut out wastage. This means we don't go for big branding plays and what we label a "spray & pray" approach. We know where every single dollar is spent and what it's doing for us. The backbone of this approach is naturally high caliber performance marketing talent, but also first-class customer tracking, which we've had since day 1.

Moving beyond the top of the funnel, our focus is on player engagement, and that's where personalization comes in as well as ensuring patrons are having a customer experience like no other. We've leaned into gamification for this and have multiple gamified promotions on site as well as market leading loyalty schemes. PlayStar Club is our loyalty program where patrons can earn bonuses, free spins, access to exclusive promotions but also vouchers they can redeem in state for things such as meals out with the family and even bowling with the kids. This level of targeted acquisition along with super engaging content has helped us grow at a very high rate over the past 2 years.

I'd love to better understand the brand identity of PlayStar and how you market the business as well as your targeted player demographic? How are you leveraging your industry learnings in the competitive European market and applying that here in the US i.e. what is the secret sauce?

We built our whole loyalty scheme around it being inclusive and accessible to all.

Being a casino only brand helps us cut through a lot of the noise in the market as it's clear what we offer to patrons. We also have a character led brand, with our digital concierge who is the face of the brand and used as a vehicle for our advertising. Our unique gamified promotions also help us drive awareness in the market.

The plan from the start was to target existing online casino players and enthusiasts. We ensured that was the case by having a performance focus, so as a brand we're appearing the moment a player is looking for something new on Google, through Apple App Store or via an affiliate site. Drilling further into who that player is we decided early on we

wouldn't make it too niche around just VIPs or a certain age band etc, as we didn't want to run the risk of alienating anyone as a challenger brand. We built our whole loyalty scheme around it being inclusive and accessible to all.

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So whether you're a player who wants to bet big and often on table games, or a recreational slots player who wants to play lower stakes a couple of times a week we have something for you. We push this through our brand strapline of 'Be the Star' to promote that every patron is a VIP at PlayStar. This has been working well so far as we're growing every segment of the player base in terms of volume and value.

In terms of customer acquisition, we have some of the best industry talent from Europe who have been marketing online casino and acquiring online casino players for a long time. Whilst for some the US is new, there are many strategies and traffic sources that are universal. The team has proven this out in how we have grown.

The trick for us is to match up with online casino players at the point when they are in fact looking for us. As mentioned, the majority of our spend is done in performance marketing leveraging channels such as affiliates, search, and app marketing.

Capital notwithstanding, how do you think about growing the PlayStar brand into additional jurisdictions either in the US where there remains considerable opportunity in recently regulated states or those to come as well as Canada which has had good success in Ontario with Alberta now looking more likely to flip?

We started this business by diving into the deep end of the pool. We launched in New Jersey, arguably one of the most competitive iGaming markets globally. A daunting task to say the least. However, over the last two years, we have gradually proven out the PlayStar model by defining and nurturing our brand proposition and honing our unit economics. We are growing fast and we are taking market share, but we are doing it in a profitability focused manner.

We think we have a lot of wood to chop still in New Jersey, but the initial experience gives us a lot of confidence as we consider expansion opportunities into new geographies in North America. It goes without saying that the opportunity set for iGaming in North America is significant, and we are still at a very early stage of that market development.

The modular set-up of the US market (state by state) fits us well. It allows us to benchmark, leverage the experience and battle scars we have from New Jersey, but also gives us flexibility to refine and focus our approach to the local market at hand.

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We obviously continuously evaluate new markets. We approach our expansion opportunities in a similar fashion to how we approach our bottom-up marketing spend – in a profitability focused manner. Where can we get the most bang for our buck? There are several neighboring states that could be opportunities for us, but we are also making sure that we keep powder dry for any market deregulation that may happen over the next few years. Further, we are encouraged by the product market fit we see in Canada.

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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.

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?

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.

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 work closely with GIG who is a key platform provider; above and beyond this relationship how are you working closely with live dealer providers like Evolution or other slot content studios

to deliver an exceptionally robust game offering to players? How do you differentiate the product experience vs. the majors like FanDuel, BetMGM, ESPN Bet, or DraftKings?

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We have relationships with all of the major games providers, and work with them to tailor our offering. Critically, however, where we think PlayStar differentiates is how the PlayStar product focuses on user experience and personalization. When you are offering hundreds of games to patrons, curation is absolutely key. The player journeys, personalized bonuses, similar game signposting, game recommendations - these are all incredibly important to an online casino experience.

I'd like to hear more about the product roadmap for PlayStar and what consumers can expect to see throughout the rest of 2024 and 2025? How are you continuing to evolve your product and user experience particularly as there might be a view that the online experience could be commoditized?

We will be adding an enormous number of great new games, new game types and new games studios. This will double our games offering in the next 6 months. We are adding significant unique content, with PlayStar exclusive games, in house jackpots and exclusive gamification products. I don't want to give too much away here, but watch this space. Importantly though, our personalization and curation approach allows us to differentiate and tailor the offering to the player.

You are online casino only and don't offer a sportsbook, which one might argue a faster speed to market given that more US jurisdictions are currently open, what do you see as the timetable for states that are currently offering sports betting to ultimately flip to online casino such as Pennsylvania, Michigan, and others have done so? If you were to pivot the business to sweepstakes or even a DFS+ product (sports) you could enter a lot more markets quicker given more limited regulation in these categories, do you ultimately believe that being focused on highly regulated jurisdictions ultimately can maximize the most long-term value for PlayStar?

It's very difficult to predict when US states will open for online casino. Lots of people try and few are correct. It took some 20 years to get most of the countries in Europe regulated. States will open over time and when they do we will be ready to deliver an excellent product for responsible gaming. We see the opportunity set developing over multiple years.

Regulated is the only route we would consider for a number of reasons. Importantly, ethically, we want to protect our players. A structure with robust regulation and oversight is the only way to ensure this. We will lead from the front on this.

One of the strengths of our business is our focused strategy. We are online casino in North America. That's what we do best. That's where we challenge anyone to compete. There's plenty of opportunity in this segment, and that will remain so for quite some time, we believe. Patience and disciplined execution are key pillars of the PlayStar strategy.

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You have an interesting rewards program and database approach that is very competitive vs. what's offered by peers currently; tell us more about that and why its an advantage for PlayStar? You are obviously competing with many folks in New Jersey that have land-based assets that they can send players to; what are some of the marketing and experience options you plan to deliver for your VIP's?

Many have loyalty programs but as mentioned, what sets us aside is that we offer patrons local rewards they can use outside of their PlayStar time. We have a wealth of brands that players can redeem these rewards on from meals out to days out with the family. We also have a suite at the MetLife so that our players can win VIP tickets to see the Giants or the huge range of other concerts and shows they have there. All of this is powered through gamification so players have a super engaging experience when they take part in promotions. This is in the form of digital stamp cards, leaderboards or even taking a goal kick when the football season starts. We have more partnerships like this coming in this year and next and always thinking of ways to enhance the player experience and offer unique rewards. This has helped us retain players at a very strong rate and we're seeing PlayStar become a real brand of preference.

Peter, thanks for joining us today and sharing more about PlayStar and your vision for the company. Based on our conversations as we've gotten to know each other over the last year or so, you are very busy managing the business and your personal life. What do you like to do when you aren't working on PlayStar and what are some of your personal hobbies. I do know you are a big golfer, favorite course or golf resort to visit? Any notable professional players you've golfed with?

Golf is most definitely my favorite choice. I have been playing, but not enough, since I was 12 years old. Nowadays, mostly due to time constraints, I play Padel and Squash on a weekly basis. But when the weekend arrives, and my family approves, then its time to grab the golf clubs. When I was a junior golfer I once got the opportunity to caddie for Seve Ballesteros at a ProAm event in Sweden. The course was Barseback Golf & CC, which remains one of my favorite courses.

Interestingly, we do have some professional (golfing) athletes amongst our shareholders. I hope to get to play with them at some point to celebrate the success of PlayStar.



Peter Ekmark - Biography

Peter Ekmark is the CEO of PlayStar, a North American online only, casino only, gaming platform. He graduated from Lund University in 1993 with a degree in Computer Science and Communications Engineering, and has over 30 years of experience, with over 15 years of experience in online gambling leading companies such as Harvest Technology, Internet Vikings, and Vera & John Casino. When he is not focused on building the leading online casino app, Peter enjoys matches of golf, padel, and squash.

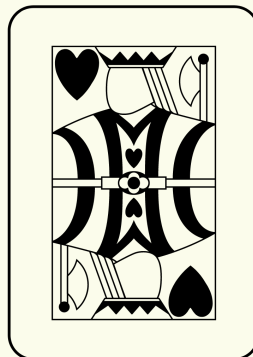
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