



XST CAPITAL GROUP LLC

CAPITAL. M&A. STRATEGY

THE NEXT

SPECIAL COMMENT

Year 1 Retrospective & Outlook

Setting the Stage for XST Capital

In early 2024 I often found myself in the middle of a long run or yoga class thinking deeply about the next stage of my career. Go through door 1 and get another job at XYZ investment bank; likely going through the motions, or run through door 2; starting my own business so that I wouldn't have any regrets when I'm hopefully sipping a cocktail on a beach one day. ***I chose door number 2 and a year later, I've never been more confident that I selected the right path.***

Since our founding at my kitchen table in May 2024, I have approached the digital gaming investment banking space with a simple yet powerful philosophy: small actions, relentlessly compounded, lead to extraordinary outcomes. Starting XST would be the culmination of a 28-year journey filled with diverse experiences and expertise on Wall Street (analyst-investor-banker) preparing me for founder life. My last two Managing Director roles highlighted a glaring opportunity to service the earlier growth stage companies capitalizing on the explosion of this industry in the US, very much akin to internet retail in the late 90s (I met

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Jeff Bezos once in Las Vegas at Bellagio in a nightclub of all places after the dot com crash and told him that I bought textbooks on Amazon.com back in 1995). While I often heard many reasons to decline working with a client "Joel the fees are too small", "this is way too complicated", "this might be too early stage", "this might not look good to our other clients"; at XST Capital we are figuring out ways to support the innovative clients that can't be put into a neat box.

Compounding as a Business Philosophy

This mindset is rooted in a classic financial truth often attributed to by Einstein: "Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn't, pays it." While Einstein spoke of interest on money, ***I have embraced compounding as the core metaphor for building XST Capital Group into a force multiplier that could disrupt the way investment banking is done in the digital gaming industry.*** Every client interaction, every deal closed, every strategic hire (unbelievably important) – each one is an investment that reinvests its returns back into our business, accelerating our momentum exponentially. Much like interest-on-interest in a bank account that I learned in my first few financial textbooks, the gains from our early efforts have continually fed into new gains. This compounding approach guides everything we do at XST (its pronounced like "Next" not "Excess Tea"). It's why I have always focused on cultivating long-term relationships and cumulative progress over any single transaction or chasing ambulances. I'll credit my still hustling octogenarian father who was "LinkedIn Before LinkedIn" for teaching me the value of building lasting relationships.

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I'm proud to recap our recent progress and illustrate how the power of compounding has fueled our growth over the past year.

Key highlights include:

- Breakthrough Client Engagements: We secured marquee advisory mandates that put us on the map. Notably, in April 2025 a publicly listed iGaming company, Rivalry Corp, engaged XST as its official advisor to explore strategic alternatives. ***This high-profile engagement positions us as a go-to advisor in the space, validating our value proposition.*** We have several other client engagements spanning online sports betting, DFS, P2P, and other sub-verticals, each one creating avenues for future business through referrals and expanded reputation.

Our current deal pipeline has grown to numerous active mandates, representing a potential aggregate transaction value in the hundreds of millions.

- Deals and Pipeline Momentum: We have advised on multiple transactions and strategic initiatives in our first year; consulting & business development assignments laying the groundwork for deal flow that compounds over time. Our successful \$30m debt raise for Northstar Gaming provided key financing for this publicly traded operator in Canada to continue its growth & momentum. Our current deal pipeline has grown to numerous active mandates, representing a potential aggregate transaction value in the hundreds of millions. Each successful project adds to our track record, making the next win come easier and faster. In short, success is breeding success and our team is feeling "Ubuntu" (watch the recent Celtics documentary in Max for more details).
- Team Expansion with Top Talent: We grew our team from a single person at a kitchen table figuring it out on the fly to a five-person core team plus a network of senior advisors. ***I cannot stress this enough but hiring the right people that are hungry, motivated, and 100% committed to success (and upsetting the incumbents) is paramount as well as enabling them to think & act as owners in the business.*** And just this month, we welcomed Kent Young – a gaming industry veteran with 30+ years of experience – as our first Senior Advisor. We will be expanding this team in the very near future so stay tuned for additional announcements, it's not just the Joel show anymore!
- Industry Presence and Influence: We deliberately reinvested early gains into building XST's brand and network presence. In the past quarter, I spoke at the International Masters of Gaming Law Conference in Vancouver and have spoken multiple times on the NASDAQ TradeTalks program, in addition to presenting on various sector podcasts. We also sponsored The Starties – an inaugural awards event for gaming startups – putting us at the center of the digital gaming community as the premier advisor to early stage companies. We have also worked closely with Fantini and Betting Startups that redistribute our content, and we also sponsored the Fantasy Sports Gaming Association Conferences in Las Vegas and Boston.

These efforts have compounded our influence: each appearance or sponsorship introduced us to new contacts (entrepreneurs, investors, potential clients), which in turn led to further opportunities. The contacts we are cultivating are already yielding a network effect, where the value of our connections grows as we make more connections. I am incredibly proud of "The Next" our CEO interview series that is putting up readership and engagement metrics at rates that are 2x the average of typical financial newsletter publications.

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Compounding in Action at XST Capital

How does compounding engine show up in our day-to-day business? Here are a few core ways in which XST Capital leverages compounding effects to accelerate momentum:

- Every Client Engagement Reinvests in the Next: When we take on a new client, we treat it as more than a standalone project. ***Each engagement is an opportunity to deepen our knowledge, prove our value, and expand our network.*** The insights gained from one client (e.g. learning the nuances of a new iGaming market or forging a connection with a key industry player) are immediately reinvested into serving the next client even better. Moreover, a satisfied client often becomes an advocate – one relationship layers onto another, leading to referrals and credibility that help us win the next mandate. In this way, our client relationships compound: the more companies we advise successfully, the easier it becomes to attract additional clients. What started with a couple of visionary founders trusting us early on has now grown into a robust client base driven by word-of-mouth and reputation.
- Deals Closed = Credibility (and Experience) Compounded: Closing a transaction – whether it's an M&A deal, a financing, or a strategic advisory milestone – generates immediate revenue for XST, but it also delivers something less tangible yet more powerful: proof of execution. Each deal we close becomes part of our track record, a testament that “XST can deliver.” This credibility is a form of capital that we continually reinvest into the business. For example, when we completed that early capital raise for a client, we didn't stop at celebrating the fee earned; we used the success story in our pitches to larger prospective clients, which helped us secure the next assignment. The confidence gained by our team in executing one deal also makes us more efficient and effective in the next. Over time, our execution experience has grown from a trickle to a torrent – and with it, our market credibility has compounded. Today, when we approach new business, we come armed with case studies, references, and hard-won insights from prior deals, all of which dramatically increase our win rate. In short, success breeds success, and our focus is on turning each win into multiple future wins.

Each deal we close becomes part of our track record, a testament that “XST can deliver.” This credibility is a form of capital that we continually reinvest into the business.

- Team Growth Multiplies Capacity: Talent is the most critical asset in investment banking. Each time we hire a skilled professional, we aren't just adding one person's output; we're multiplying the capabilities of the whole firm. Our team operates in a highly collaborative manner, so the addition of a new member (say, a VP with specialized M&A or PE expertise) elevates what everyone else can do. They bring in fresh ideas, new contacts, and the ability to take on more deals – which means we can pursue opportunities that previously might have been out of reach. Big banks over-hired during the post COVID boom; they also largely overworked and burned out their junior staff; ***we are capitalizing on this opportunity as we can hire well-trained teammates that are eager for a dynamic environment, attractive compensation, and a fun entrepreneurial culture where leadership truly wants them to have a balanced life.***

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- Knowledge and Insights Continuously Accumulate: In a fast-evolving sector like digital gaming, staying ahead of trends is paramount. Every project we undertake, every market study we perform, and every negotiation we navigate adds to our institutional knowledge. We make a point to capture and share these lessons internally, building a knowledge base that compounds over time. For example, analyzing the emerging real-money esports betting segment for one client gave us expertise that we later applied to another client's strategy, saving time and enabling us to deliver superior advice. We've also been publishing our "Next" interview series with industry CEOs, which not only publicizes our brand but also deepens our understanding through conversations with innovators. ***The more we learn, the more insight we can offer the next client - a virtuous cycle of insight generation.*** This compounding of intellectual capital gives us a strategic advantage that grows with each engagement, enhancing both the quantitative outcomes (better deal terms, faster execution) and qualitative outcomes (sharper strategic advice, innovative solutions) for our clients.

Looking Ahead: Accelerating Our Momentum & Building a Multi-Pronged Business

The foundation laid in our first year has set in motion a flywheel of growth that we intend to keep accelerating.

As we look to the rest of 2025 and beyond, we are more confident than ever in our compounding strategy. The foundation laid in our first year has set in motion a flywheel of growth that we intend to keep accelerating. We see abundant opportunities on the horizon: the digital gaming sector is booming with entrepreneurial energy that is ripe for consolidation and investment, and XST Capital Group is uniquely positioned as a nexus in this ecosystem. Our plan is to continue reinvesting our gains – in relationships, in talent, and in knowledge – to capture these opportunities. We will stick to our principles: delivering outstanding results for clients, nurturing our network, and staying at the cutting edge of industry trends.

In Summary

I want to thank our clients and those to come for your continued support on this journey. We haven't got everything right, we are still a young organization and are taking every lesson +/- as an opportunity to improve. What we have accomplished so far is just the beginning. The compounding impact of our first year's efforts gives us a robust platform to aim even higher in the coming years. ***We are ambitious in our vision: to become the premier investment bank in digital gaming (and eventually sports/media) known not just for getting deals done, but for the way each success leads to the next.*** With our strategy, team, and momentum, we have every bit of confidence that XST Capital Group will continue to grow faster and smarter, compounding into an ever more significant leadership role in this industry where we give 100% for our clients and reward our teammates accordingly.

Stay tuned for many exciting initiatives to come; this is starting to get really fun! Huge thanks to my teammates and family for all of their support, I couldn't have done this without you.

Sincerely,
Joel Simkins
Founder & CEO, XST Capital Group

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