



**Drop-In Gaming**

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# Gaming Tournament Platform

Q4 2022 Year End Partner and Investor Report

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# Table of Contents

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Page

A message from our Co-Founders	3-4
Our platform creates B2B connections in the esports ecosystem	5-7
Our platform network effects are working	8-10
Our KPI's are indicating strong growth	11-13
Standing out in the marketplace: differentiation and competition	8
Our Community: Gamers and Sponsors	9
Our Community Performance	10
Investments on our Roadmap	11
Q3 upcoming platform features	12



**“We are entering 2023 with Drop-In Gaming in a strong position, creating staying power to be the best in the industry!”**

Jason Atwood, CEO Drop-In Gaming

Investors,

We're excited to enter 2023 with Drop-In Gaming in a stronger position than prior years. The hard work of our dedicated team in 2022 has strengthened our foundations for long-term growth. I am delighted to take this opportunity to summarize recent business developments, key achievements over the past year, some of our challenges and outline strategic direction for Drop-In Gaming for 2023. We believe we have established a strong foundation for our team, our partnerships, and the platform for future success.

We've accomplished a lot in the past year, and we're still just getting started. We have a lot of work to do as we seek to create meaningful value for our investors. Below are several key initiatives and commitments that we believe are essential to the success of Drop-In Gaming in achieving our goal of creating long-term value for investors.

We'll use this as a checklist when issuing press releases and company updates to ensure we're delivering on our commitments to investors today and in the long term.

**Offer customers more choice** - We've built a large and powerful platform that connects brands with fans. We have developed and integrated a world-class Esports platform that offers competition on a global scale. We are at the epicenter of esports with our company, which uniquely positions us to identify new opportunities and launch new features that can rapidly expand and capitalize on the growing talent in gaming and esports. In the coming months, we hope to announce new features that will serve our customers and attract new opportunities. Below are the initiatives and commitments that we believe are essential to the success of Drop-In Gaming.

**Add new sponsors and new brands** - Brands are increasingly looking for innovative ways to reach their customers and fans. Specifically, brands are looking to engage with companies who see games and Esports as an important source of entertainment. We are increasing the number of opportunities in our pipeline. One challenge in this area is it takes more time than originally thought to finalize contracts. We will provide additional details in this letter and will continue to update investors on major sponsorships and brand activations within the company, pending approval from our brand partners.

We attended our first CES conference in January 2023. We partnered with Glytch Battle Stations, E-win chairs and SteelSeries headsets to provide a strong presence in our booth. We had professional gamers playing throughout the event and an Esports Legend Fatal1ty talking about Drop-In Gaming and the build he provided for the battle stations. We had a lot of success and many meetings that will lead to the closing of several deals in the first quarter of this year.



**Grow our core gaming community** - Tournament participation metrics are an important way to measure our progress. Tournament size, engagement, and reach will provide investors with a tangible indicators of performance. We will also provide updated financial detail in our quarterly report showing deals signed, revenue, user growth and KPIs.

**Continuous improvement** - Over the 2022 year, we made great progress throughout the business. This includes operational improvements as well as enhanced governance with the move to React, adding Epaymints as our payment processor, and our partnership with Coinever to include crypto transactions as a unique offering for deposit and withdrawals. We look forward to sharing the results of our internal planning and execution to push Drop-In Gaming further on its operational fronts. We believe that a culture of continuous improvement benefits our business, our customers, our employees, and our investors.

While significant progress has been made in improving our investor base through our current Series Seed 2 round with the addition of both **Capital Eleven** and **AFK Ventures**; we are committed to adding meaningful new investors that share our long-term vision. We believe access to other investors presents a significant opportunity to realize long-term shareholder value. We are looking to close out the round in the next 60 days. We are vetting investors to make sure they are a great addition to the company. 2022 was a transformative year for Drop-In Gaming with several strategic alignments and changes that we believe position us for success in 2023 and beyond. We would like to thank our customers for their business, our employees for their relentless focus on exceeding customer expectations, and **our Investors for your continued support and feedback.**

Sincerely,

Jason Atwood and Tanner Bogart



**We're not talking about you and  
your friend gaming in  
your basement!**



**Competitive Gaming is now a highly**

# **Connected Ecosystem**

**Gamers, fans, consoles, studios, networks**

**leagues, colleges, high schools,**

**brands, sponsors, media**

**analysts, investors,**

**SOCIALS**

# We are making smart investments in technology to grow our business

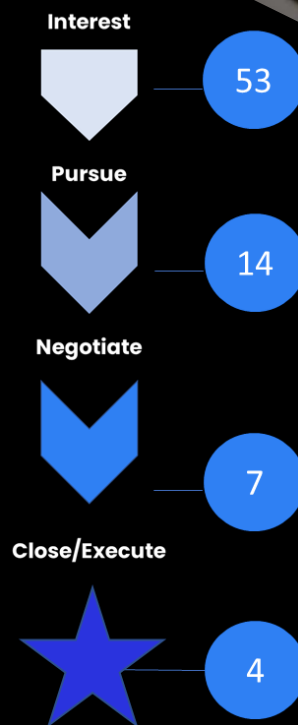
To successfully navigate the complex relationships and partnership ecosystem of the gaming industry, we are excited to announce that we have taken a step forward in our sales process.

We selected **HubSpot** CRM platform to manage contacts, companies, sales pipeline, customer support, and socials to expand and drive sales for Drop-In Gaming in 2023. With the addition of dedicated sales, we are now aggressively pursuing hundreds of leads, we needed a one stop platform which could store, track and activate our customers. At the recent CES event we made over 2000+ net new connections in just 4 days. HubSpot ensured that we didn't lose a single qualified lead as it is now tracked accurately.



We have moved from WordPress to React to enhance our ability to be nimble, increase performance, reliability, security and make it easier for our developers to bring new features to users. As we increase our brand footprint and leverage SEO utilizing React embraces SEO and its components which make it easier for Google to crawl bringing more users to our site.

## HubSpot



And finally, as we begin our ramp up on hiring more developers, this switch to React enables us to engage with a wider talent pool of developers who even with basic knowledge of JavaScript, can become productive on the React stack after 5 days of training.

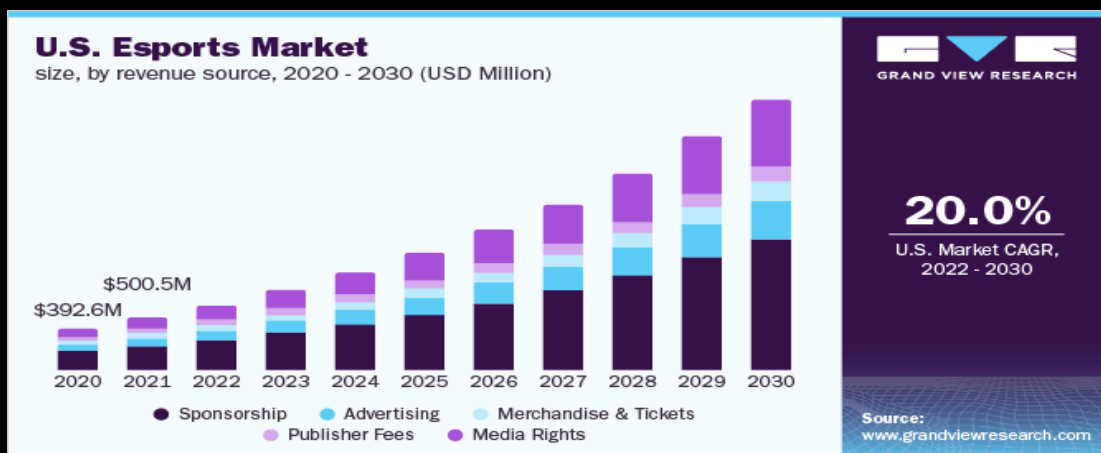
# THE UNTAPPED POTENTIAL OF ESPORTS ADVERTISING

## Expanding our B2B Business


As we highlighted in our mid year partner report, our team was focused on growing our B2B business partnerships and revenue streams in 2022. We saw a significant uptick in B2B interest in our platform during the year which we further validated in person at the CES event. Brands of all shapes, sizes and industries want a way to **authentically advertise to the esports audience** and they see our platform as a triple threat:

- Direct marketing to esports communities
- Advertising and impressions through Web2/3
- Content creation for social & media campaigns

To support the further buildout and expansion of our B2B platform, we have developed a pricing strategy to make it easier for brands to on-board to our platform and procure services that can scale based on the experience that they are looking for. This also allows our sales team to influence and “up sell” brands generating larger deal value and revenue potential. In Q1 2023, we will trial this pricing out and see how the market responds as we look to scale a commercial model with a goal of attracting **33%** of **fortune 1000 brands** to the platform sponsor community this year.





The background of the slide is a transparent computer case with blue lighting. Inside the case, various components like RAM sticks and a fan are visible. The case is decorated with anime-style graphics, including a character on the left and a circular emblem in the center. The text is overlaid on this background.

“Gaming technology is becoming  
so advanced that **players** now  
need to catch up to the  
capabilities of the  
technology...

That’s where our  
platform comes  
in”

Tanner Bogart  
CMO Drop-in Gaming

**532** million people  
around the world watched  
**Esports**

There are now **3.2** Billion  
gamers in the world today

# Dual network effects help drive the platform revenue

In our mid year report, we shared with you for the first time a schematic of our **platform network effects**, which highlight the relationships and interconnectedness of the community members. We are happy to report that by increasing the number of sponsors of the platform we saw a significant increase in demand and a huge uptick in gamers registering for our site.

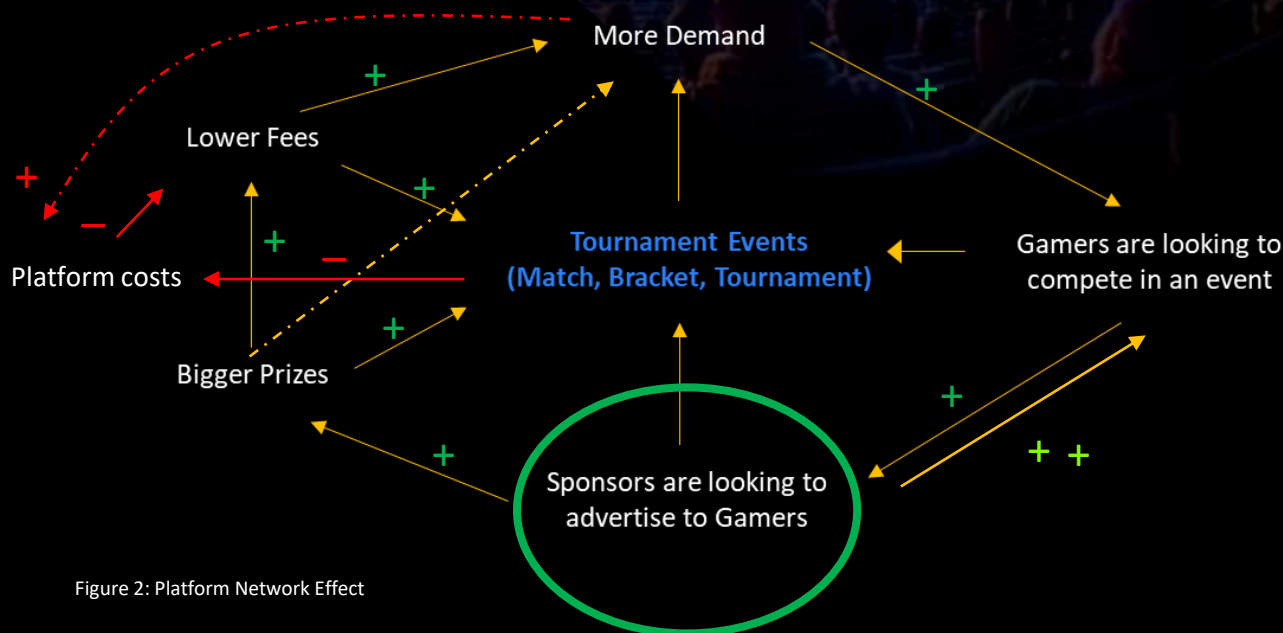


Figure 2: Platform Network Effect

## Key Growth Moments

- Signing our partnership with Cav's Legion esports brand directly led to the acquisition of **997** net new sign ups to the platform in 72 hours
- Signing SkillGigs as a B2B sponsor pioneered a way for any brand to utilize esports as a marketing channel
- Closed **2-year** Deal with the "Takeover" franchise for 2 movies (starring Quavo, Billy Zane, Takeoff) with easter eggs in previews and movies which we expect to add a significant spike in user growth associated with the movie marketing.

# We are focused on our community and their experience

## Gamer Profiles

In our mid year report, we described to you our platform gamer community in 4 categories based on observed activity patterns. As we focused on the different needs of each of these populations of gamers on our platform in the second half of the year, we saw some incredible transformation in player behavior. During the first half of 2022, we observed many players only participating in “Free tournaments” where anyone can enter for no upfront cost. These tournaments are either sponsored for small cash prizes or just for bragging rights.

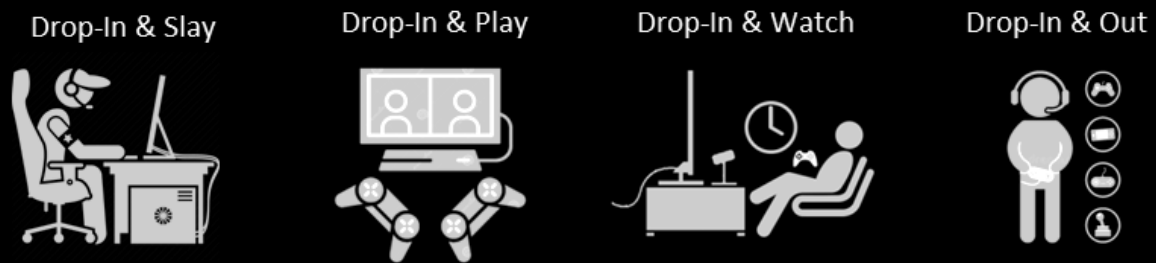
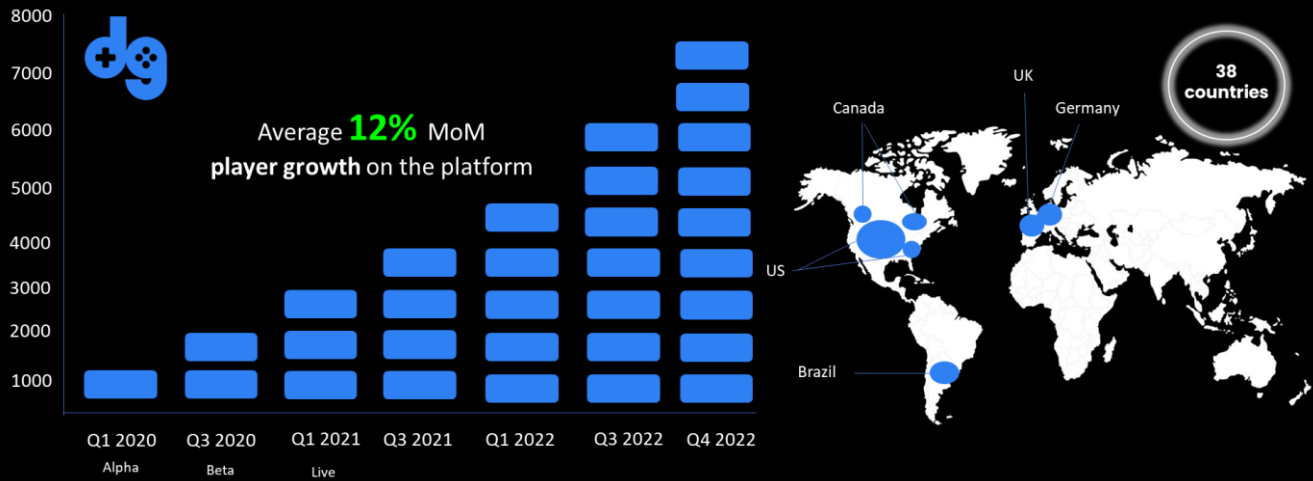


Figure 4: Drop-In Gaming Platform profile types

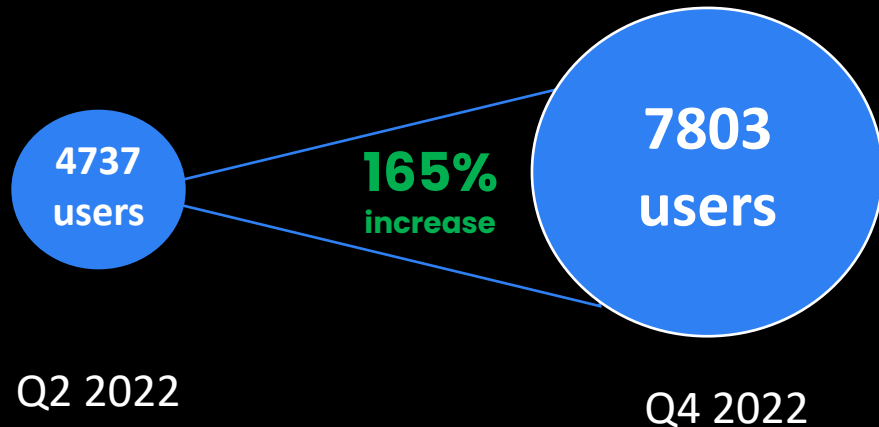
In the **second half of 2022**, as a result of securing larger B2B sponsors, we were able to increase prize pools and as a result were able to charge for entry into events over a period of 6 weeks. This correlation between prize pools and paid participation was already well established in the esports industry but what we observed, is that after the prize pool events ended, the community members continued to pay to play in non

sponsored events even when the prize pools were not funded by a B2B company. The community players have now begun to self fund prize pools through entry fees which Drop-In Gaming takes a percentage of every match. **As a result, we saw significant gains in the latter part of 2022 with revenue from paid match and tournament play.** On the next page we will take a closer look at what we observed.

# Hyper growth starting in 2H 2022



## Community Subscribers

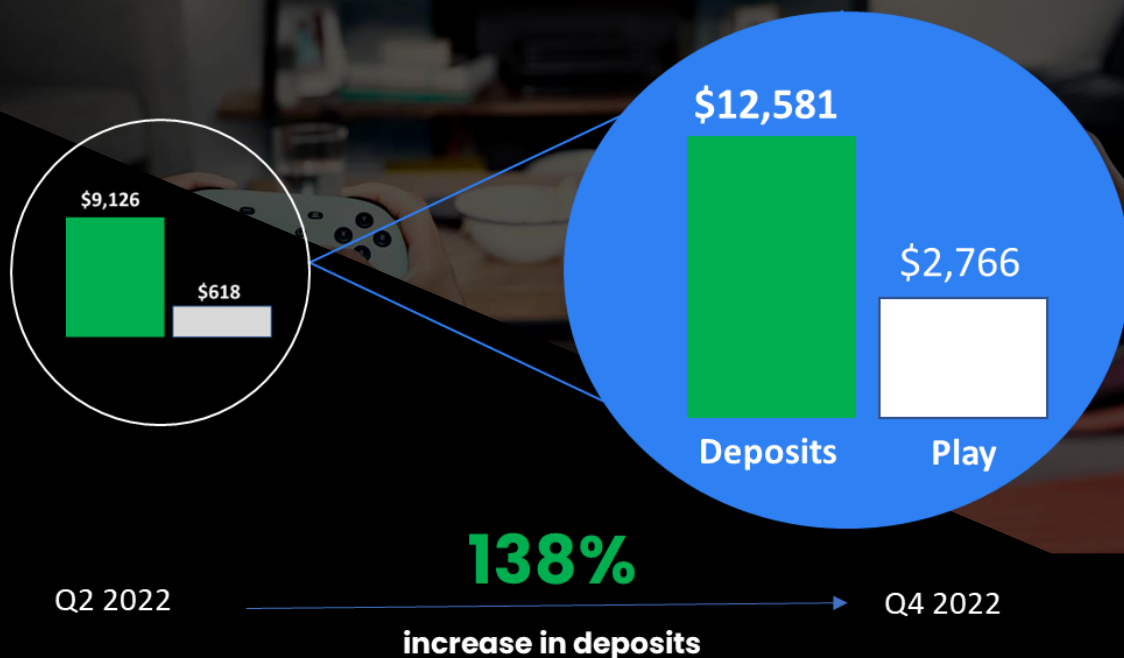


**The latter half of 2022** saw some phenomenal platform growth as a result of our B2B focus. Our platform doubling rate accelerated to 6 months which was a significant jump from the previous year. In addition, our churn rate remained extremely low further reinforcing that once we get someone to the platform, the experience will keep them on the platform whether they play, compete or win. We saw significant interest in several new global locations for our platform with an emerging gaming audience growing in Australia and South America. We are continuing to focus on driving higher participation in tournaments as user feedback suggests they want to see an increase in total amount of full tournaments; which we will address this year with increased B2B growth and focus on new marketing campaigns.

**<0.001% Churn**



# Community activation is dramatically increasing



Over the course of 2022 we saw a large increase in gamers competing on the site. From the start of Q2 to where we ended the year, our users started competing against each other more often and for higher amounts. With an increase in gamers playing, we also added several new games during the year to increase our footprint across major AAA games, as well as smaller studios growing in the space.

Average **deposits per day** significantly increased from **\$1.43/day** in 2021 to **\$27/day** in 2022

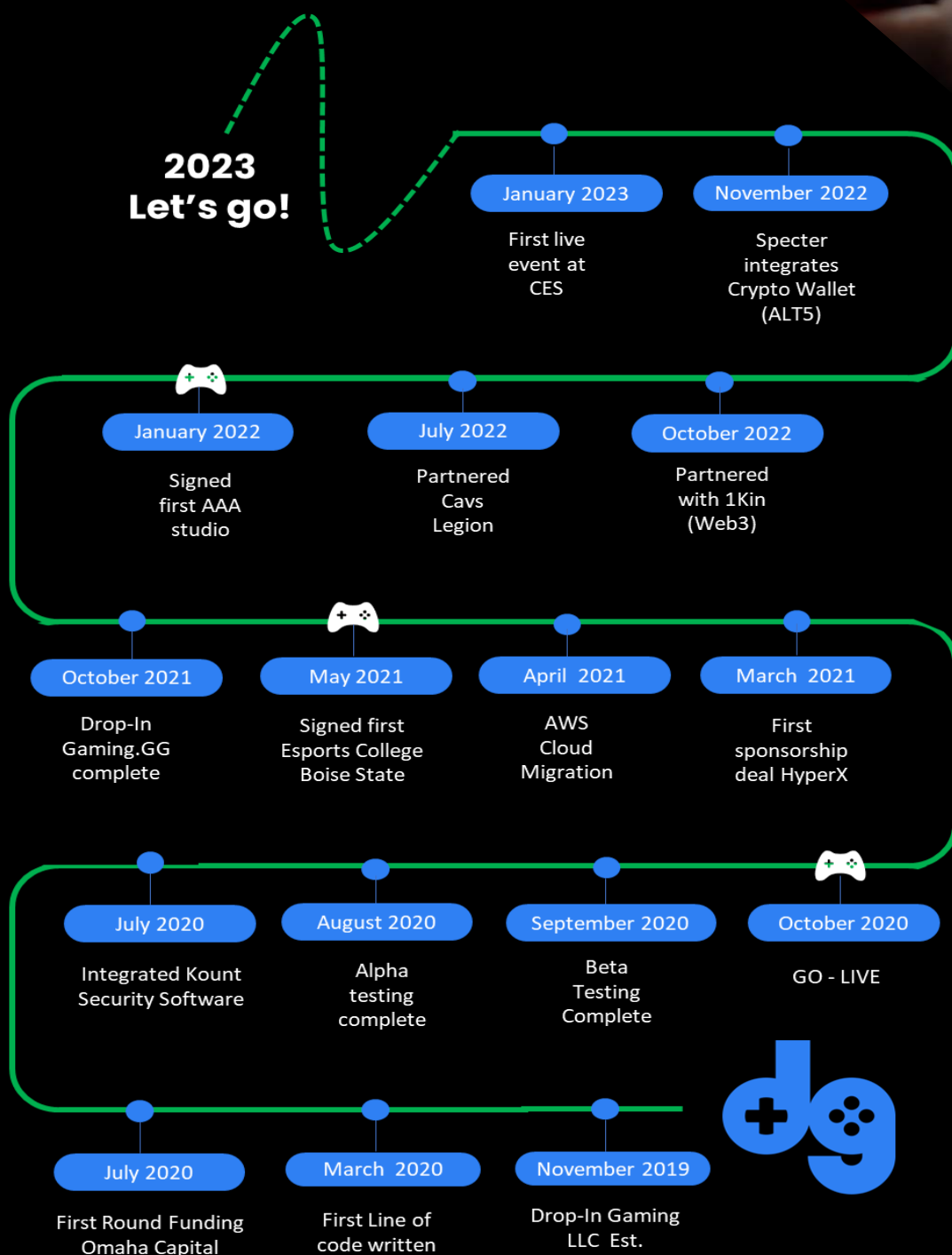
**22%** of all available money is now being used for tournaments which is a significant increase compared to 2021

Tournament Prize pool payouts grew **299%** this year



# Key Moments in our history

As we continue to grow and evolve, as a company, we think it's really important to remember where we were and what we have accomplished with the support of our investors, partners and employees. We are still early in our journey but we are excited to share some of the key highlights on our journey so far.



# The path forward



As we look forward to 2023, there are several things our team is focusing on, including but not limited to, increased web3 partnerships incorporating NFT's and crypto, partnerships with many new companies from CES2023, and the addition of new game offerings from our platform like rubix cube, chess and card games.

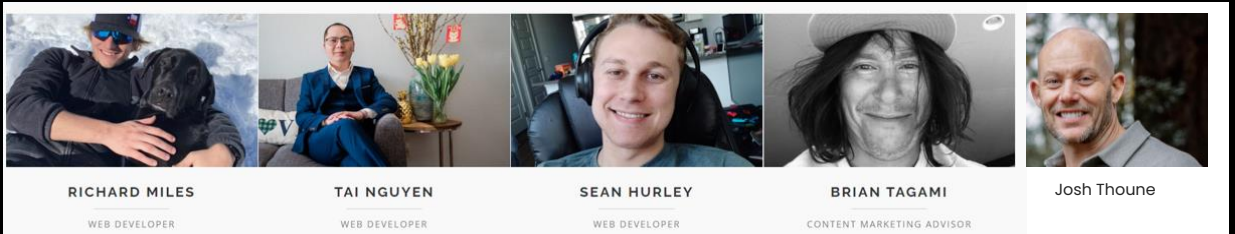
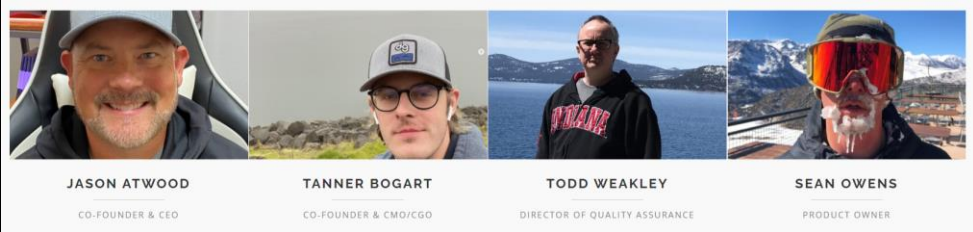
With our continuous focus on compliance, we are increasing our partnerships across major studio games, and enhancing the user experience with the addition of unique features for players on the website. We are **re-launching Dropingaming.gg a free site** to support our new leagues for high school and other leagues such as NBA2K that require a no buy-in site. We are also having a legal opinion created to help in support our proposal for the entire NBA2K league.

Drop-In Gaming will also be announcing work with the summer release of the **"Takeover Movie"** featuring Quavo, the creation of the **Nordic cup** (all Nordic Countries), expanded NBA2K teams, NIL, and the closing of many sponsorship deals. In the second half of the year, we will continue to grow the community by implementing a "Battle Pass" for gamers. This unique feature will follow the path similar to AAA games where the more the players play, the more they will earn in rewards in their account.

*Please follow us on Twitter, Instagram, TikTok, and LinkedIn for all press releases and updates.*



# Thank you



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SCAN ME