



Q1 2021 Financial Results

May 4, 2021

Disclaimer

Use of Non-GAAP Financial Measures

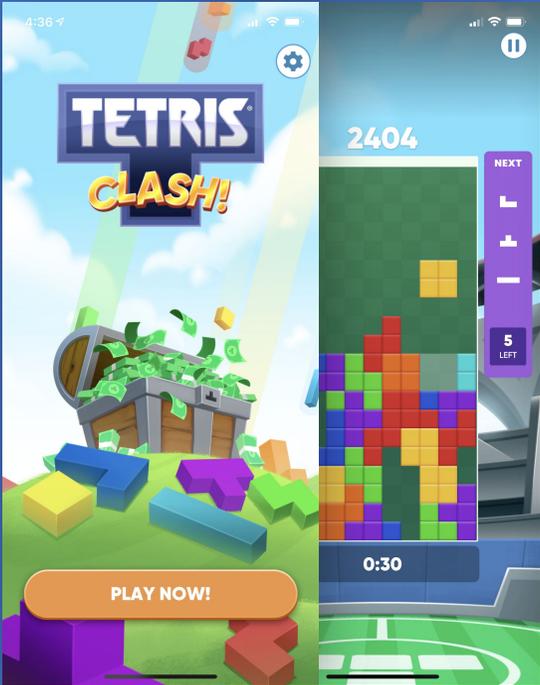
In this earnings presentation, the Company includes Adjusted EBITDA which is a non-GAAP performance measure that the Company uses to supplement its results presented in accordance with U.S. GAAP. As required by the rules of the Securities and Exchange Commission (“SEC”), the Company has provided herein a reconciliation of the non-GAAP financial measure contained in this press release to the most directly comparable measures under GAAP. The Company’s management believes Adjusted EBITDA is useful in evaluating its operating performance and are similar to measures reported by publicly-listed U.S. competitors, and regularly used by security analysts, institutional investors and other interested parties in analyzing operating performance and prospects. By providing this non-GAAP measure, the Company’s management intends to provide investors with a meaningful, consistent comparison of the Company’s profitability for the periods presented. Adjusted EBITDA is not intended to be a substitute for any U.S. GAAP financial measure and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry.

The Company defines and calculates Adjusted EBITDA as net loss before interest, other non-operating expense or income, provision for income taxes, and depreciation and amortization, and further adjusted for stock-based compensation and other special items determined by management, including, but not limited to, fair value adjustments for certain financial liabilities (including derivatives) associated with debt and equity transactions and impairment charges as they are not indicative of business operations.

Forward-Looking Statements

This press release includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. The Company’s actual results may differ from its expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Words such as “expect,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believes,” “predicts,” “potential,” “continue,” and similar expressions (or the negative versions of such words or expressions) are intended to identify such forward-looking statements.

These forward-looking statements involve significant risks and uncertainties that could cause the Company’s actual results to differ materially from those discussed in the forward-looking statements. Most of these factors are outside of the Company’s control and are difficult to predict. Factors that may cause such differences include, but are not limited to, the ability of Skillz to: effectively compete in the global entertainment and gaming industries; attract and retain successful relationships with the third party developers that develop and update all of the games hosted on Skillz’s platform; comply with laws and regulations applicable to its business; and as well as other risks and uncertainties indicated from time to time in the Company’s SEC filings, including those under “Risk Factors” therein, which are available on the SEC’s website at www.sec.gov. Additional information will be made available in other filings that the Company makes from time to time with the SEC. In addition, any forward-looking statements contained in this press release are based on assumptions that the Company believes to be reasonable as of this date. The Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law.



Strong First Quarter Results...

92%

YoY Revenue Growth

86%

YoY Adj. EBITDA before UA Growth

81%

YoY Paying MAU Growth

...and Attractive Market Opportunity

2.7B

Gamers Globally

\$86B

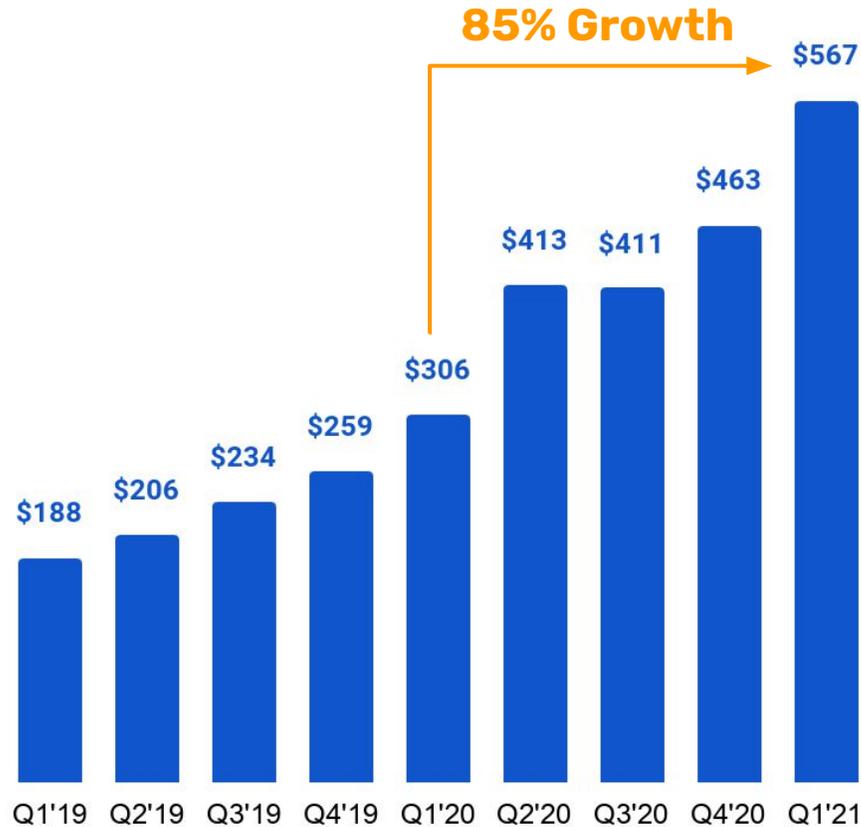
Mobile Gaming Market
(2020)

23%

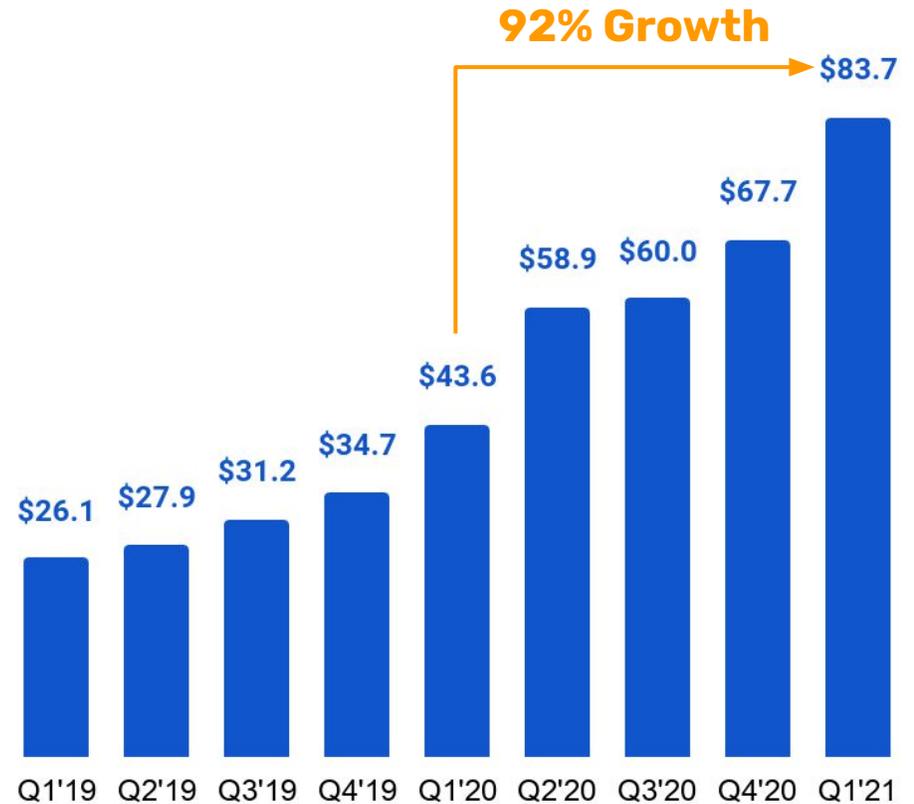
Mobile Gaming Market CAGR
(2015 to 2020)

Growth in GMV and Revenue

Gross Marketplace Volume (\$M)



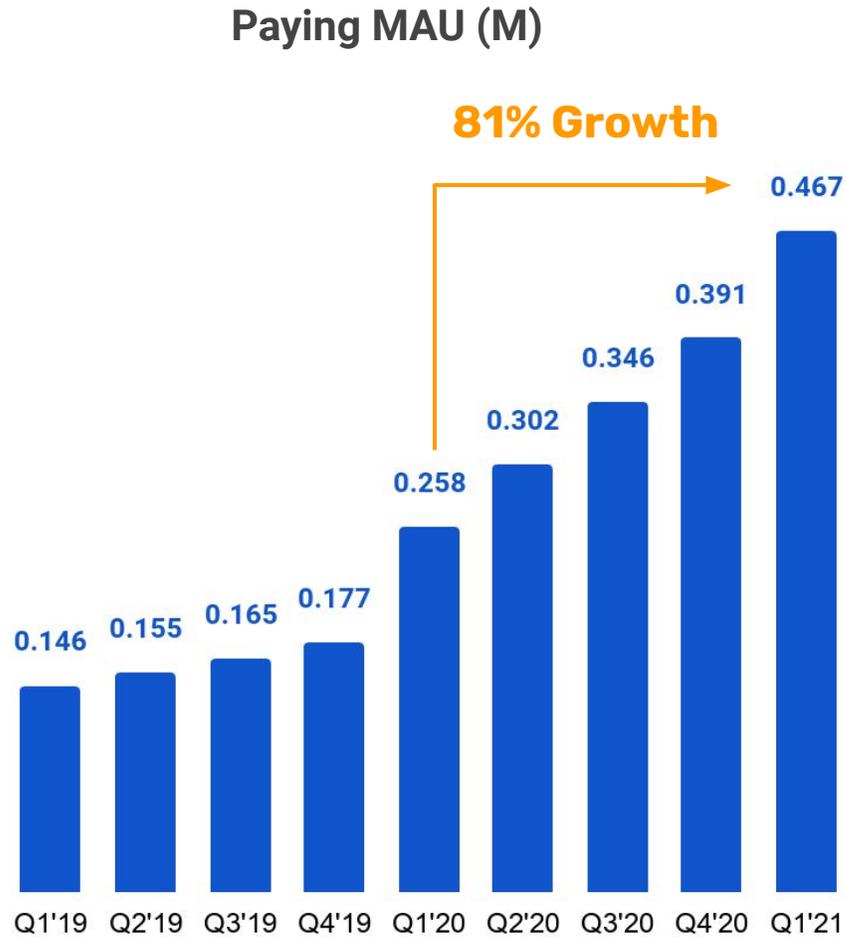
Revenue (\$M)



Note:

Gross Marketplace Volume (GMV) means the total entry fees paid by users for contests hosted on Skillz's platform. Total entry fees include entry fees paid by end-users using cash deposits, prior cash winnings from end-users' accounts that have not been withdrawn, and end-user incentives used to enter paid entry fee contests.

Growth in Paying Users



Note:

Paying MAU refers to the number of end-users who entered into a paid contest on our platform at least once in a given month, averaged over each month in the quarter.

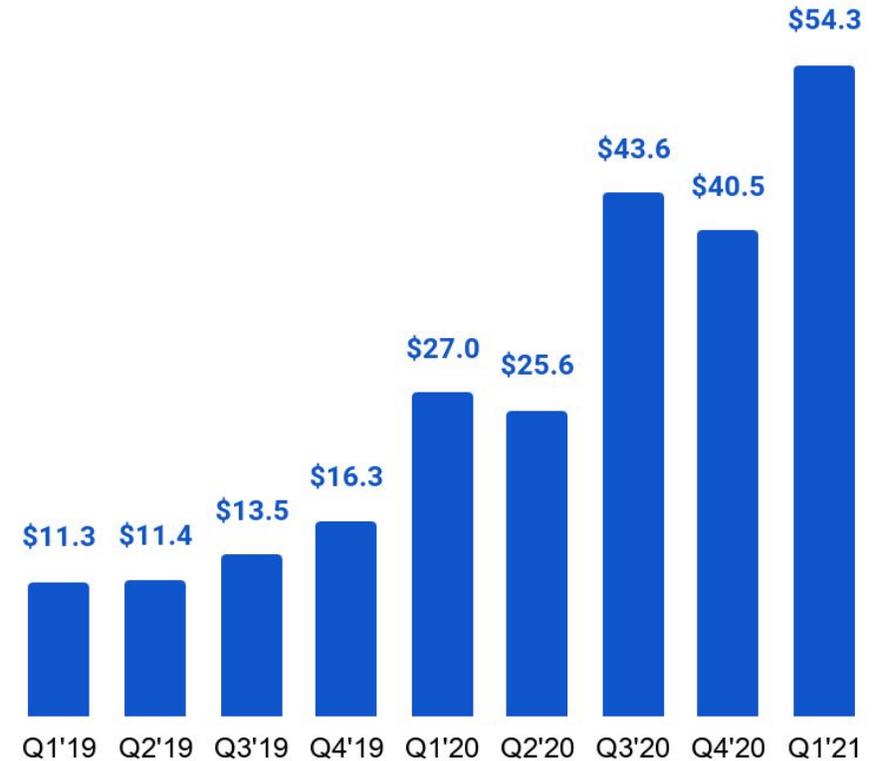
Average Revenue Per Paying Monthly Active User ("ARPPU") refers to the average revenue in a given month divided by Paying MAU in that month, averaged over the quarter.

Adj. EBITDA before UA Marketing

Adj. EBITDA before UA Marketing (\$M)



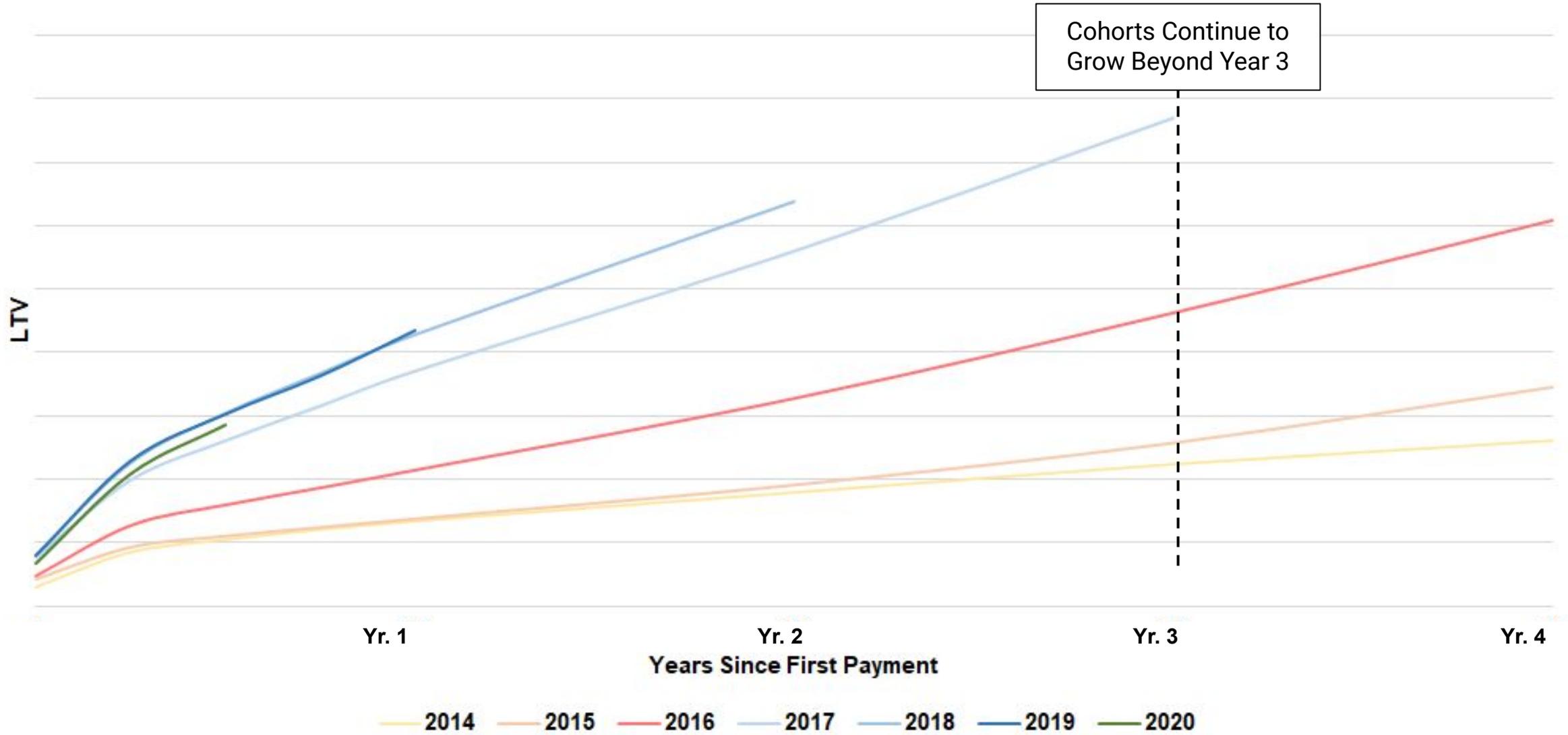
UA Marketing Investment (\$M)



Note:

Adjusted EBITDA is defined and calculated as net loss before interest, other non-operating expense or income, provision for income taxes, and depreciation and amortization, and further adjusted for stock-based compensation and other special items determined by management, including, but not limited to, fair value adjustments for certain financial liabilities (including derivatives) associated with debt and equity transactions and impairment charges, as they are not indicative of business operations.

Long Lived Cohorts Build Long-term Profitability



Cohorts Continue to Grow Beyond Year 3

Quarterly Results Summary

<i>(Dollars in Millions)</i>	<u>Q1'20</u>	<u>Q1'21</u>	<u>YoY</u>
Revenue	\$43.6	\$83.7	92%
Gross Profit	40.8	79.4	95%
Adj. EBITDA before UA Marketing	12.4	23.1	86%
Less: UA Marketing	<u>27.0</u>	<u>54.3</u>	101%
Adj. EBITDA	(\$14.6)	(\$31.1)	NM
<u><i>% of Revenue:</i></u>			
<i>Gross Margin</i>	94%	95%	
<i>Adj. EBITDA before UA Marketing</i>	28%	28%	
<i>Adj. EBITDA</i>	(33%)	(37%)	

Note:
UA Marketing means User Acquisition Marketing.

Quarterly Supplemental Metrics

<i>(Dollars and Amounts in Millions, Except ARPU and ARPPU)</i>	<u>Q1'20</u>	<u>Q1'21</u>	<u>YoY</u>
GMV	\$306	\$567	85%
Take Rate	14.2%	14.8%	
Paying MAU	0.258	0.467	81%
ARPPU	\$56	\$60	
MAU	2.6	2.7	4%
ARPU	\$5.57	\$10.35	

Note:

"Take Rate" means a percentage of the player entry fees in paid contests, after deducting end-user prize money (i.e. winnings from the competitions), end-user incentives accounted for as reduction of revenue and the profit share paid to developers.

MAU refers to the number of end-users who entered into a contest on our platform at least once in a given month, averaged over each month in the quarter.

Average Revenue Per Monthly Active User ("ARPU") refers to the average revenue in a given month divided by MAU in that month, averaged over the quarter.

Paying MAUs means the number of end-users who entered into a paid contest hosted on our platform at least once in a month, averaged over each month in the period.

Average Revenue Per Paying Monthly Active User ("ARPPU") refers to the average monthly revenue in a given period divided by average monthly Paying MAUs in that period.

Balance Sheet & Capitalization

<i>(Dollars in Millions)</i>	<i>As of 3/31/21</i>	<i>(Shares in Millions)</i>	<i>As of 3/31/21</i>
Cash	\$612.6	Common Stock	395.8
Warrant Exercise Receivable	104.6	Warrants Outstanding	13.2
Other Current Assets	15.0	Options & RSUs Outstanding	<u>38.9</u>
Other Assets	<u>9.3</u>	Fully Diluted Shares	447.9
Total Assets	\$741.4		
Other Current Liabilities	\$40.1		
Other Liabilities	0.0		
Common Stock Warrant Liabilities	<u>112.4</u>		
Total Liabilities	152.5		
Shareholders' Equity	<u>588.9</u>		
Total Liabilities & Equity	\$741.4		

Appendix: Reconciliation to Non-GAAP Items

<i>(Dollars in Millions)</i>	<u>Q1'20</u>	<u>Q1'21</u>
Net Loss	\$(15.5)	\$(53.6)
Interest expense, net	0.3	0.0
Change in fair value of common stock warrant liabilities ⁽²⁾	0.0	2.1
Stock-based compensation	0.4	10.9
Provision for income taxes	0.0	0.0
Depreciation and amortization	0.3	0.6
Other non-operating costs (income)	(0.1)	(0.0)
Transaction related expenses ⁽¹⁾	<u>0.0</u>	<u>8.8</u>
Adj. EBITDA	\$(14.6)	\$(31.1)

Note:

(1) For the three months ended March 31, 2021, amounts represent transaction expenses related to the follow-on offering.

(2) For the three month ended March 31, 2021, amounts represent the fair value adjustments related to the revaluation of liability classified warrants.

Appendix: Reconciliation to Non-GAAP Operating Expenses

<i>(Dollars in Millions)</i>	<u>Q1'20</u>	<u>Q1'21</u>
GAAP R&D	\$4.4	\$7.3
less: One-time transaction related expenses	0.0	0.1
less: Stock-based compensation	<u>0.2</u>	<u>1.2</u>
Non-GAAP R&D	\$4.2	\$6.0
GAAP S&M	\$46.8	\$96.3
less: One-time transaction related expenses	0.0	0.1
less: Stock-based compensation	<u>0.1</u>	<u>1.8</u>
Non-GAAP S&M	\$46.7	\$94.4
GAAP G&A	\$4.8	\$27.3
less: One-time transaction related expenses	0.0	8.6
less: Stock-based compensation	<u>0.0</u>	<u>7.9</u>
Non-GAAP G&A	\$4.8	\$10.8