

skillz

INVESTOR DAY

MARCH 15, 2022



DOMINOES
GOLD



Blackout
BINGO!



SOLITAIRE
CUBE

BIG BUCK
HUNTER
MARKSMAN

TRIVIA
CRACK
PAYDAY



BUBBLE
CUBE
2



STRIKE!
BY
Bowlero



Big
COOKING



DARTS
TOURNAMENT



21
BLITZ



TRIVIA
CRACK

BIG BUCK
HUNTER

SOLITAIRE
CUBE

DISCLAIMER

The information contained herein does not purport to be all-inclusive. The data contained herein is derived from various internal and external sources and is based on information available as of the date hereof. No representation is made as to the reasonableness of the assumptions made within or the accuracy or completeness of any projections or modeling or any other information contained herein. Any data on past performance or modeling contained herein is not an indication as to future performance. Skillz assumes no obligation to update any information in this presentation, except as required by law.

INDUSTRY AND MARKET DATA

This presentation includes information and statistics regarding market participants in the sectors in which Skillz competes and other industry data which was obtained from third-party sources, including reports by market research firms and company filings.

TRADEMARKS

This presentation may contain trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, some of the trademarks, service marks, trade names and copyrights referred to in this presentation may be listed without the TM, SM © or ® symbols, but Skillz will assert, to the fullest extent under applicable law, the rights of the applicable owners, if any, to these trademarks, service marks, trade names and copyrights.

USE OF NON-GAAP FINANCIAL MEASURES

This presentation includes non-GAAP financial measures. Skillz believes that these non-GAAP measures are useful to investors for two principal reasons. First, they believe these measures may assist investors in comparing performance over various reporting periods on a consistent basis by removing from operating results the impact of items that do not reflect core operating performance. Second, these measures are used by Skillz's management to assess its performance. Skillz believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. These non-GAAP measures should not be considered in isolation from, or as an alternative to, financial measures determined in accordance with GAAP. Other companies may calculate these non-GAAP financial measures differently, and therefore such financial measures may not be directly comparable to similarly titled measures of other companies. Please see the appendices to this presentation for a reconciliation of the non-GAAP financial measures presented herein to their most comparable GAAP financial measures.

FORWARD LOOKING STATEMENTS AND INVESTMENT CONSIDERATIONS

This presentation also contains forward-looking statements, which may be identified by such words as "may", "plans", "expects", "believes", "anticipates" and similar expressions, or by their context. These statements are made on the basis of current knowledge and, by their nature, involve numerous assumptions and uncertainties. Nothing set forth herein should be regarded as a representation, warranty, or prediction that Skillz will achieve or is likely to achieve any particular future result. Various factors could cause actual future results, performance or events to differ materially from those described herein. Some of the factors that may impact future results and performance may include, without limitation, 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; 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. Each investor must conduct and rely on its own evaluation, including of the associated risks, in making an investment decision.

TODAY'S AGENDA


TIME (PACIFIC)	TOPIC	SPEAKER(S)
8:00a – 8:20a	Strategic Vision	Andrew Paradise, CEO
8:20a – 8:40a	Product & Technology	Vatsal Bhardwaj, CPO
8:40a – 9:00a	Q&A Session #1	Management Team
9:00a – 9:15a	Session Break	
9:15a – 9:30a	Developer Panel	George Petro, Play Mechanix Tim O'Neil, Tether
9:30a – 9:45a	Distribution & Content Overview	Casey Chafkin, CRO
9:45a – 10:05a	Financial KPIs	Ian Lee, CFO
10:05a – 10:25a	Q&A Session #2	Management Team
10:25a – 10:30a	Closing Remarks	Andrew Paradise, CEO



STRATEGIC VISION

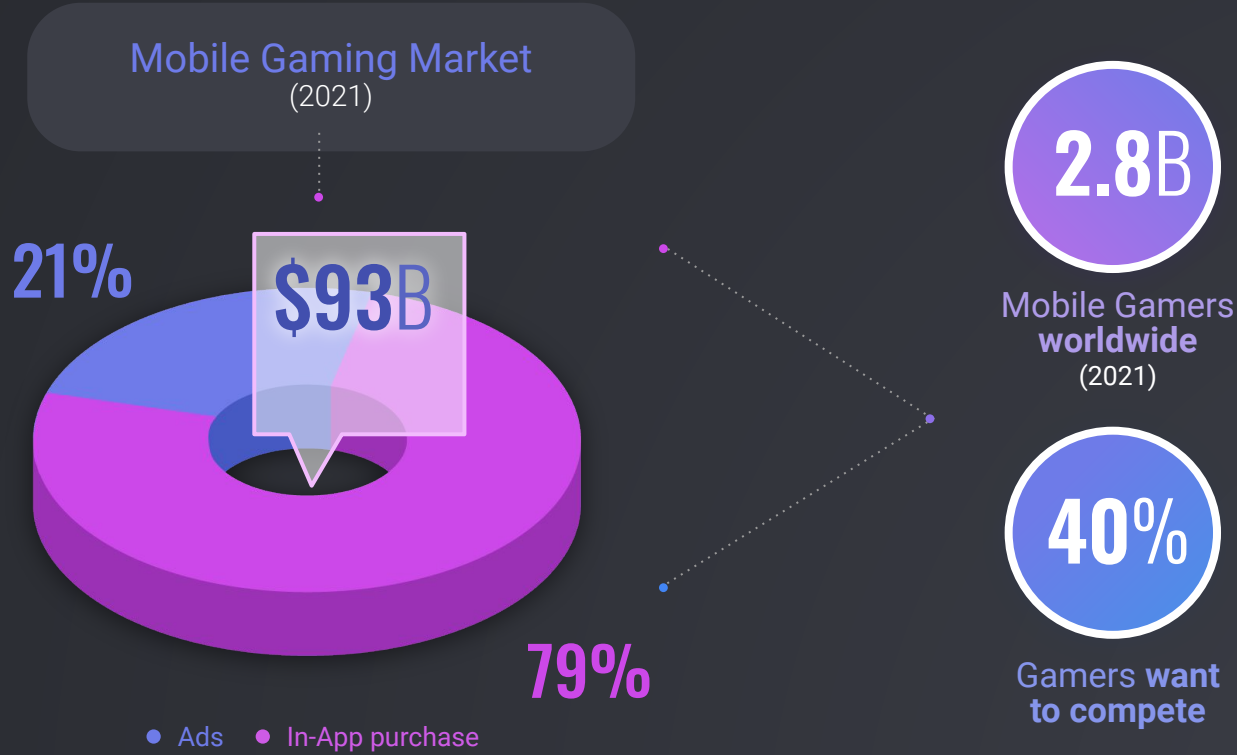
ANDREW PARADISE
CHIEF EXECUTIVE OFFICER

BUILDING THE COMPETITION LAYER OF THE INTERNET

MARKET	GLOBAL USERS (B)	MARKET CHAMPION	MARKET CAP (\$B)
Smartphones	3.5		\$2,718
Social Networking	3.4		\$566
Travel	1.4		\$101
Ride Sharing	4.1	Uber	\$67
Mobile Esports	1.0	skillz	\$1

Note: Market cap refers to the market champion. Sourced from Yahoo! Finance as of 3/2/22.







MOBILE GAMING IS THE FIRST TARGET MARKET









Source: Newzoo Games Market 2021 report, Udonis, and Frank N. Magid Associates.

HISTORY OF DEVELOPER ADOPTION







MORE INHIBITORS IN THE PAST

-  No access to the **user data**
-  Limited **ability to customize** the interface
-  **Lack of know-how** to build skill games
-  Our **network was smaller** than every game
-  Developers believed they **could build it themselves**
-  **Regulatory risk**

TODAY IS MORE BALANCED

-  No access to the **user data**
-  Limited **ability to customize** the interface
-  **Lack of know-how** to build skill games
-  Our network continues **to get bigger**
-  Replicating what SKLZ has built **is not feasible**
-  **Regulatory framework** is well established

FEWER INHIBITORS IN THE FUTURE

-  No access to the **user data**
-  Greater **ability to customize** the interface
-  Education & Insights **to build skill games**
-  Our network continues **to get bigger**
-  Replicating what SKLZ has built **is not feasible**
-  **Regulatory framework** is well established

SOLVING DEVELOPER PAIN POINTS



DEVELOPER PAIN POINTS

POOR
MONETIZATION

NO PAYMENTS
INFRASTRUCTURE

LIMITED
DATA ANALYTICS

MANUALLY
INTENSIVE LIVEOPS

LIMITED
UA EXPERTISE & RESOURCES

LIMITED
CUSTOMER SUPPORT

LIMITED
SKILL GAMING EXPERTISE

INCREASING COMPETITION
FOR GAMER TIME



SKILLZ SOLUTION

HIGHER USER **ENGAGEMENT**
AND **RETENTION**

INTEGRATED PAYMENTS CAPABILITIES
AND SINGLE USER WALLET

PROPRIETARY PLAYER RATING,
MATCHING AND FRAUD PROTECTION

AUTOMATED, AI-DRIVEN LIVEOPS

SOPHISTICATED UA CAPABILITIES

EFFICIENT 24/7 CUSTOMER SERVICE

DEVELOPER **EDUCATION**
AND **INSIGHTS**

BROADER **SUITE OF SERVICES**
(E.G. AARKI)

FUTURE

EXPANDING OUR LEAD OVER COMPETITORS

CAPABILITY	skillz	AD NETWORKS	GAME DEVELOPERS	TECH PLATFORMS
ANALYTICS				
PAYMENTS				
LIVE OPERATIONS				
USER ACQUISITION				
CUSTOMER SUPPORT				
HOSTING				
AD NETWORK				
CONTENT				
DEVELOPER TOOLS	EXIT GAMES			

PERCEIVED PRESENCE

STRONG

LIMITED

NONE

WIDENING DATA AND TECHNOLOGY MOAT

2.5B+

TOURNAMENTS



Billions of annual
tournaments

6.0M+

AVERAGE DAILY
TOURNAMENTS



Unique set of
transaction /
user data

650B+

DATA POINTS



Paid entry and
free gameplay

2.4B+

GMV



Broad end-user
demographics

skillz



Player rating
and matching

70%+

PLAYERS WIN
RATE IN-BAND



Anti-cheat
& anti-fraud

70+

TRANSACTIONS
PER SECOND



Segmentation
engine

45

NPS SCORE



System reliability
& architecture

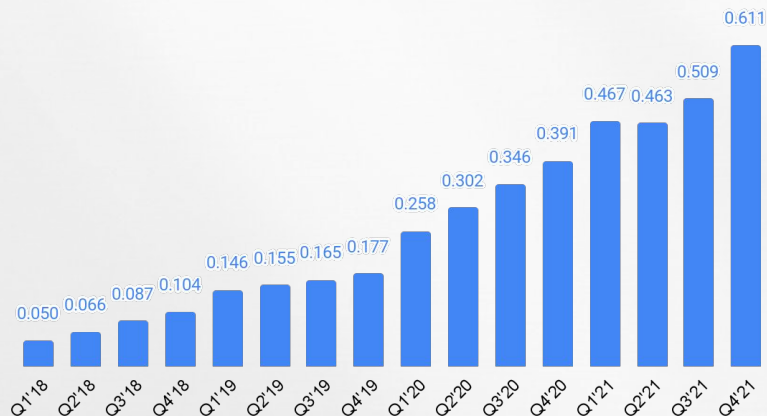
99.95%+

SYSTEM
RELIABILITY
IN UPTIME

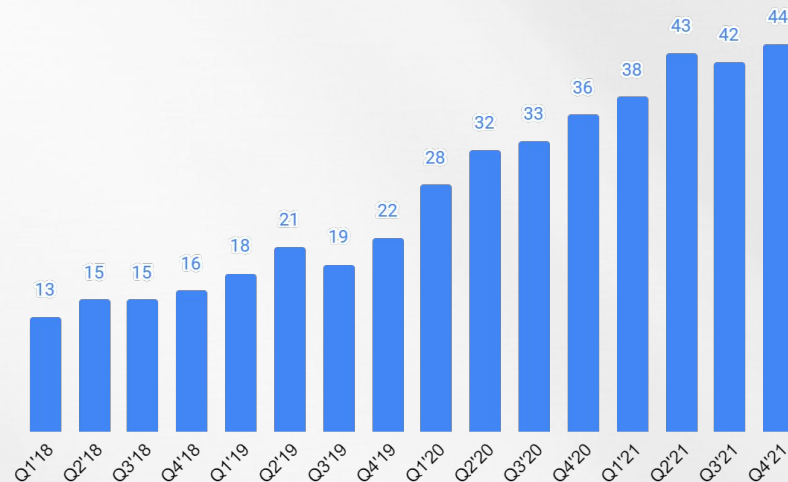
Note: Tournaments, Average Daily Tournaments, Data Points and GMV are all LTM data as of December 31, 2021. Player win rate in-band, transactions per second, NPS score, system uptime are all data for Q4'21.

PROVEN SCALABILITY WITHOUT A TOP 10 GAME, YET

PAYING MAU (M)



NUMBER OF GAMES >\$1M GMV



Paying Monthly Active Users (PMAU) is the number of end-users who entered into a paid contest hosted on Skillz's platform at least once in a month, averaged over each month in the period. Gross Marketplace Volume (GMV) is entry fees that may be paid using cash deposits, prior cash winnings that have not been withdrawn, and end-user incentives.

BUILDING THE CONTENT ENGINE

15M+
GAME
DEVELOPERS⁽¹⁾

1M+
GAMES ON THE
APP STORE⁽²⁾

YESTERDAY



Build
Product

TODAY



Build
Marketing

1. HIRE TEAM
2. DEVELOPER EDUCATION
3. OPTIMIZE PRODUCT

TOMORROW



Ramp
Sales

(1) Source: Unity Software Inc. S-1 dated 9/17/20.

(2) Source: Business of Apps dated 1/11/22.

WHY WE'LL WIN

\$375K

COST TO
BUILD A GAME⁽¹⁾

\$10M

COST TO
ACQUIRE A GAME⁽²⁾

skillz

\$11K

COST TO ACQUIRE
A DEVELOPER

Note: \$11k refers to cost of acquiring a developer who has signed and launched a game.

(1) Based on the average range of \$250k to \$500k from Auroch Digital.

(2) Based on selected mobile gaming transactions.

skillz

2022 PLAN: PATH TO PROFITABILITY

THE PLAN

THE IMPACT

Increase **Marketing Efficiency**

- GAAP Revenue grows slower than Revenue after Engagement Marketing (RAEM)
- GAAP Revenue and RAEM grows faster than Marketing
- RAEM grows faster than Revenue
- Adj. EBITDA margin improves

Impactful **New Products**

- GAAP Revenue and RAEM growing faster in 2H'22 than 1H'22
- Adj. EBITDA margin improves

Invest in **Developer Marketing**

- Account Management team is hired
- Developer Education and Insights are delivered

Activate **New Hires**

- GAAP Revenue and RAEM per head grows
- Adj. EBITDA margin improves

CLOUD GAMING: A POTENTIAL GAME CHANGER

Revolutionize the playable ad



Access
to **new**
audiences



Lower
friction to
onboard



Increase
game
discovery

OUR END GAME

Every Gamer, Every Developer and
Every Type of Game on Skillz



PRODUCT & TECHNOLOGY

VATSAL BHARDWAJ
CHIEF PRODUCT OFFICER

COMPREHENSIVE PLATFORM SOLUTION



Gamer
Competition
Engine



LiveOps
System



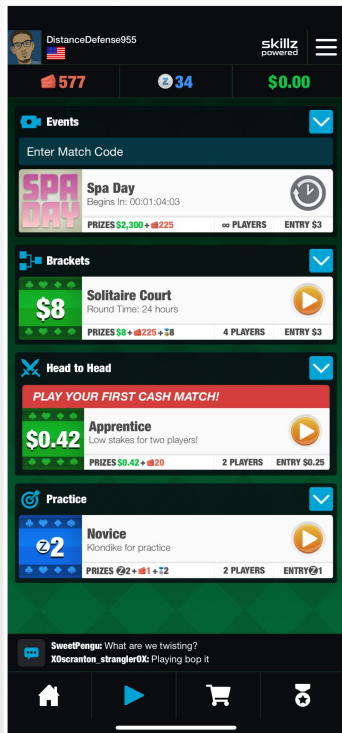
Developer
Console



Network Data Science
Technologies

CORE PRODUCT EXPERIENCE

CURRENT STATE

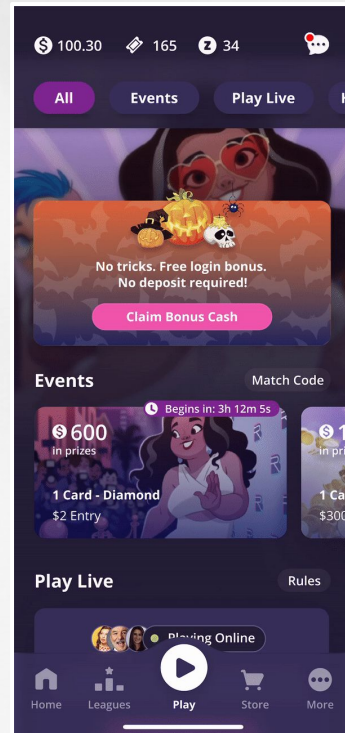
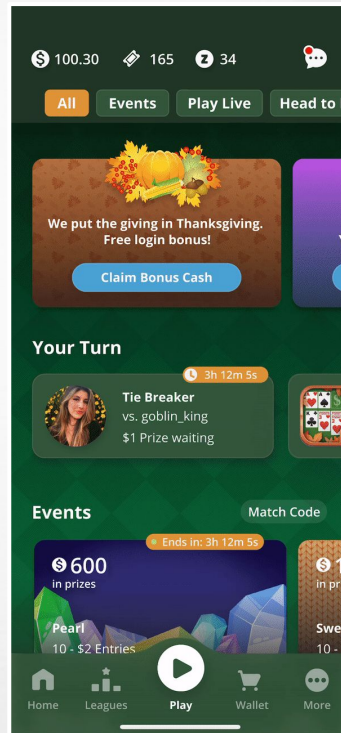


Unchanged
since launch

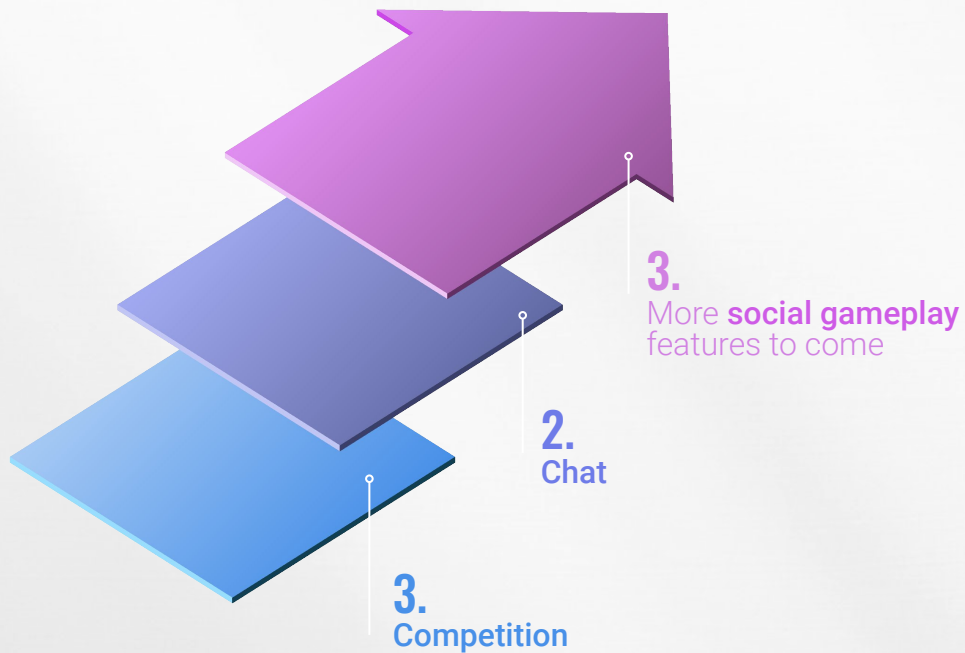
Poor
tournament discovery

Slower
gameplay access

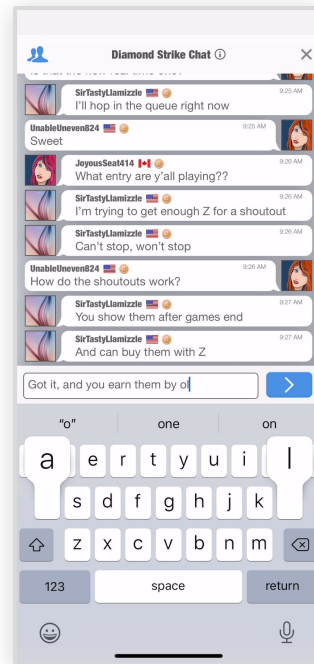
FUTURE STATE



PHASES OF SOCIAL GAMEPLAY



EXAMPLE OF CHAT



PERSONALIZATION AND DATA SCIENCE

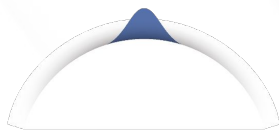
RETENTION

Increasing spend,
Push notifications, Player Matching



CONVERSIONS

Making first Deposit,
Segmentation



REGISTRATION

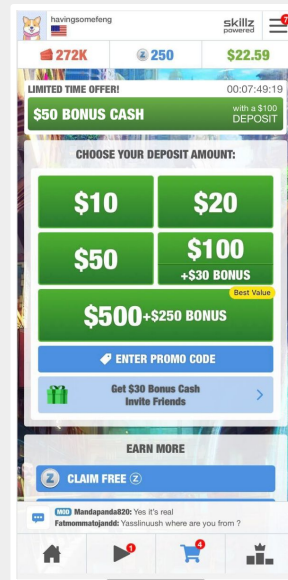
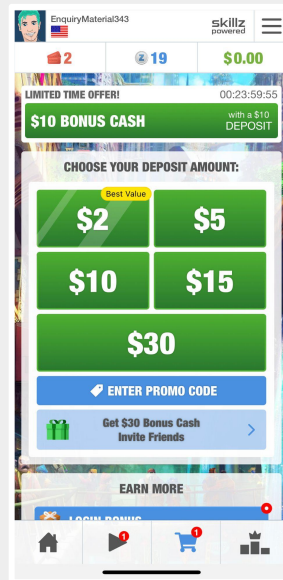
Sign up/First few games



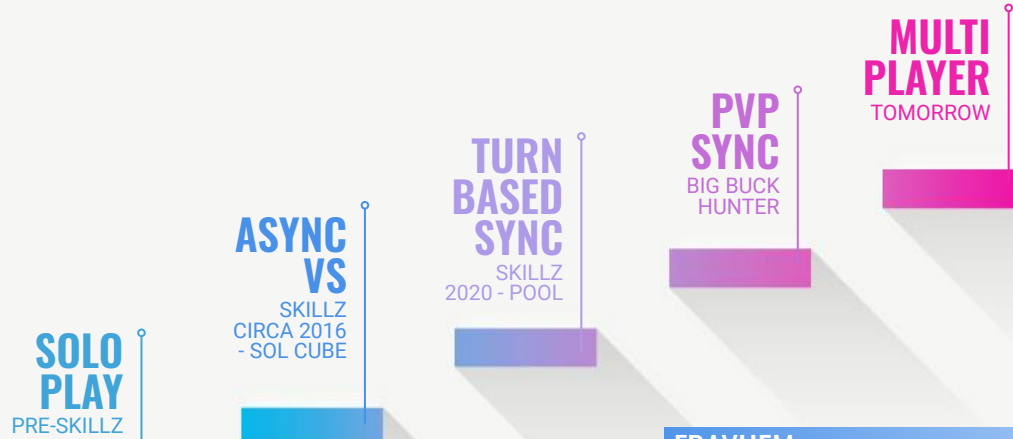
ACQUISITION

Ad Networks

Example of Personalized
LIMITED TIME OFFER



REAL-TIME MULTIPLAYER



FRAYHEM



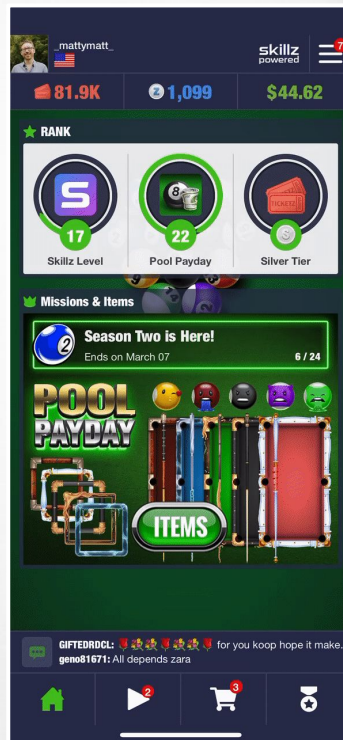
PROGRESSION

D Hyper customization

C Custom Developer invests into progression with custom integration and developer tools

B Semi-customized Game modes:
Templates
Tournaments
App icons

A STATIC INTEGRATION



HIGHLY SCALABLE AND RELIABLE PLATFORM

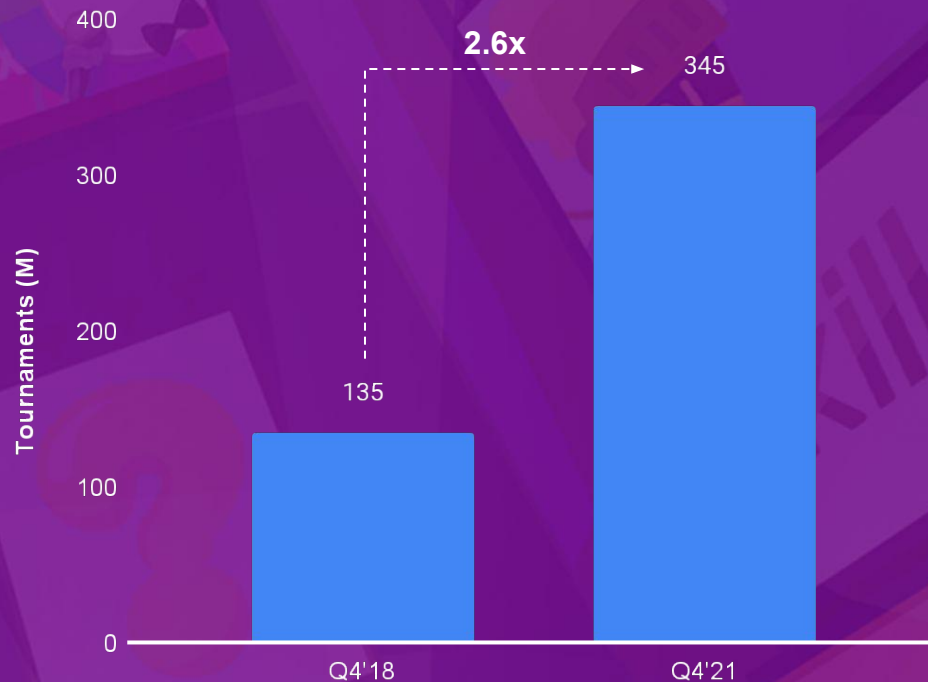
High Performance

70+

Transactions
Per Sec
(2021)

99.95
%+

System
Uptime
(2021)



SUMMARY

■
Comprehensive Go-To-Market Platform
for game developers

■
User Interface Refresh
on the core product experience increases LTV and trust

■
Social
increases user engagement

■
Personalization
increases user retention

■
Real-time Multiplayer Sync
broadens the content on our platform and grows the audience

■
Progression
increases developer and player investment

■
High Performance Platform Architecture
with differentiation driven by data science

■

Q&A SESSION #1



SESSION BREAK

DEVELOPER PANEL



GEORGE PETRO

OWNER



TIM O'NEIL

CO-FOUNDER & CEO

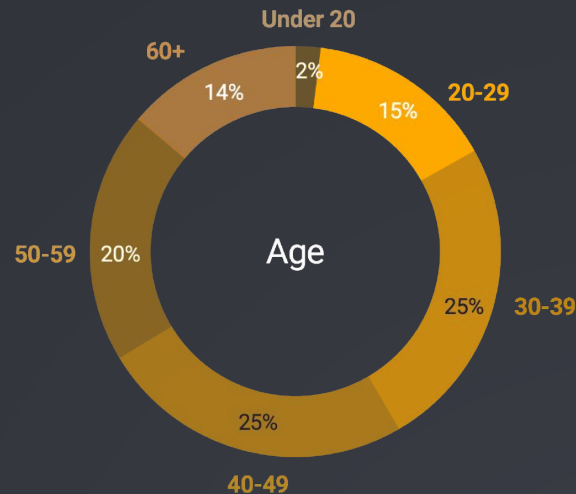
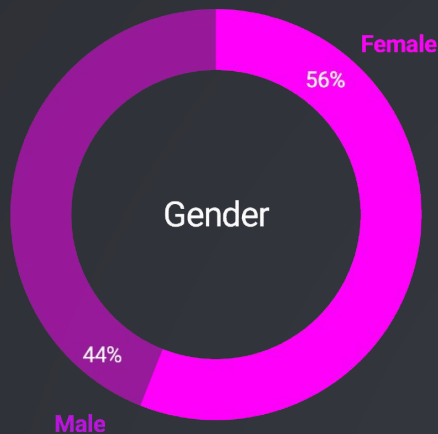
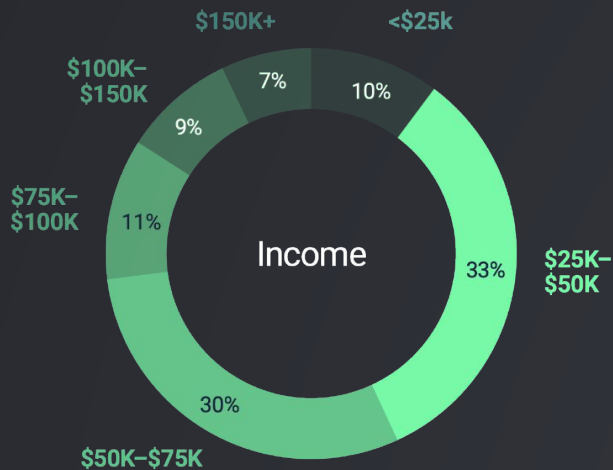




DISTRIBUTION & CONTENT

CASEY CHAFKIN
CHIEF REVENUE OFFICER

LARGE, DIVERSE PLAYER AUDIENCE



Source: Income demographics from Axiom survey data of paying users (2018). Gender and Age demographics from Skillz research. Amounts may not total due to rounding.

REACHING AND ACQUIRING USERS EFFICIENTLY

Drive incremental revenue efficiently by **acquiring** and **retaining users** through **diversified media investments** and **organic media channels**



DIVERSIFIED PAID MEDIA MIX

Deploy spend across **highly programmatic and social channels**, in addition to making investments up and across the funnel



EXPANDED USE OF DATA AND AUTOMATION

Continued investment in **machine learning**, automated data systems and media spend enablement tools to drive incremental marketing precision



REDUCE DSP FEES

Shift paid media spend to the **'Skillz Media Network' - our in-house DSP** - to reduce fees charged by external DSPs



EXPAND ORGANIC CHANNELS

Grow investments in **App-Store-Optimization (ASO)**, **Search Engine Optimization (SEO)** and **Skillz organic social channels**

DRIVING DEEPER ENGAGEMENT ON THE PLATFORM

Optimize **engagement marketing** spend by focusing on **high return programs, profit-margin accretive channels** and **player information**



OPTIMIZE ENGAGEMENT MARKETING SPEND

Improve the approach for evaluating the short and mid term impact of **engagement marketing**, prioritizing high return and elimination of low return programs



GROW PROPRIETARY COMMUNICATION CHANNELS

Investing into Skillz-controlled channels (e.g. Email, Push) to allow for more effective and efficient retention of active and reactivation of lapsed users, through contextually relevant messaging, content and offers



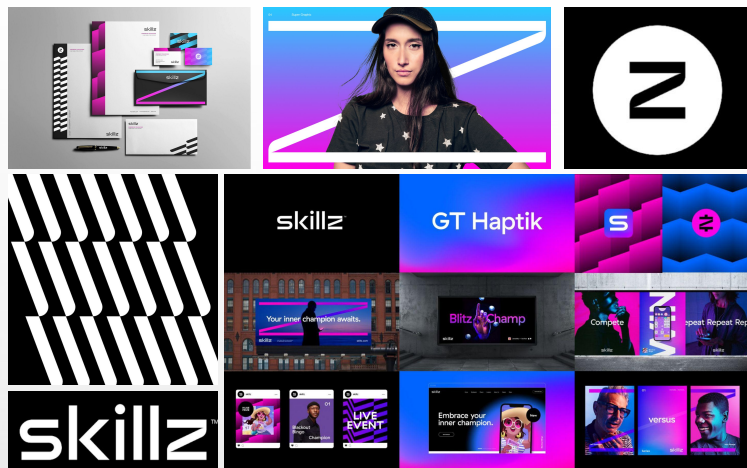
PLAYER PROFILES

Layer refreshed qualitative segmentation research, additional second and third party data and ongoing collection of first party data (e.g. progressive profiling)

BUILDING THE BRAND

Execute brand refresh to ensure a consistent and differentiated architecture, design and positioning while continuing to invest in partnerships to expand our footprint and deliver revenue for partners.

BRAND REDESIGN



BRAND AND IP PARTNERSHIPS

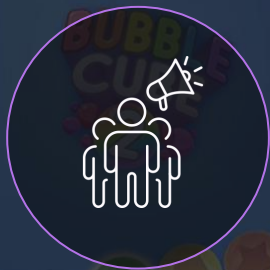


GROWING THE DEVELOPER ECOSYSTEM

Optimize both the **Managed** and **Self Serve** functions

BUILD COMMUNITY

Marketing To Lift
Awareness And Interest
In Building With Skillz



Build Community
To Create Demand

EMPOWER

Developers Through
Education & Insights



Education & Insights
For Success

PRODUCTS & SERVICES

New Tools And Services
To Give Developers More
Control And Functionality



Tools & Services
For More Developer Control

SUMMARY



We have a **Large and Diverse**
audience of players



We are **Optimizing UA via Data Science**,
automation, Aarki spend migration and organic traffic growth



We are **Driving Deeper User Engagement**
with owned communication channels and more user data



We are **Building our Brand**
which will enhance all our consumer marketing efforts



We are **Investing in our Developer Ecosystem**
to grow the number of successful games on our platform



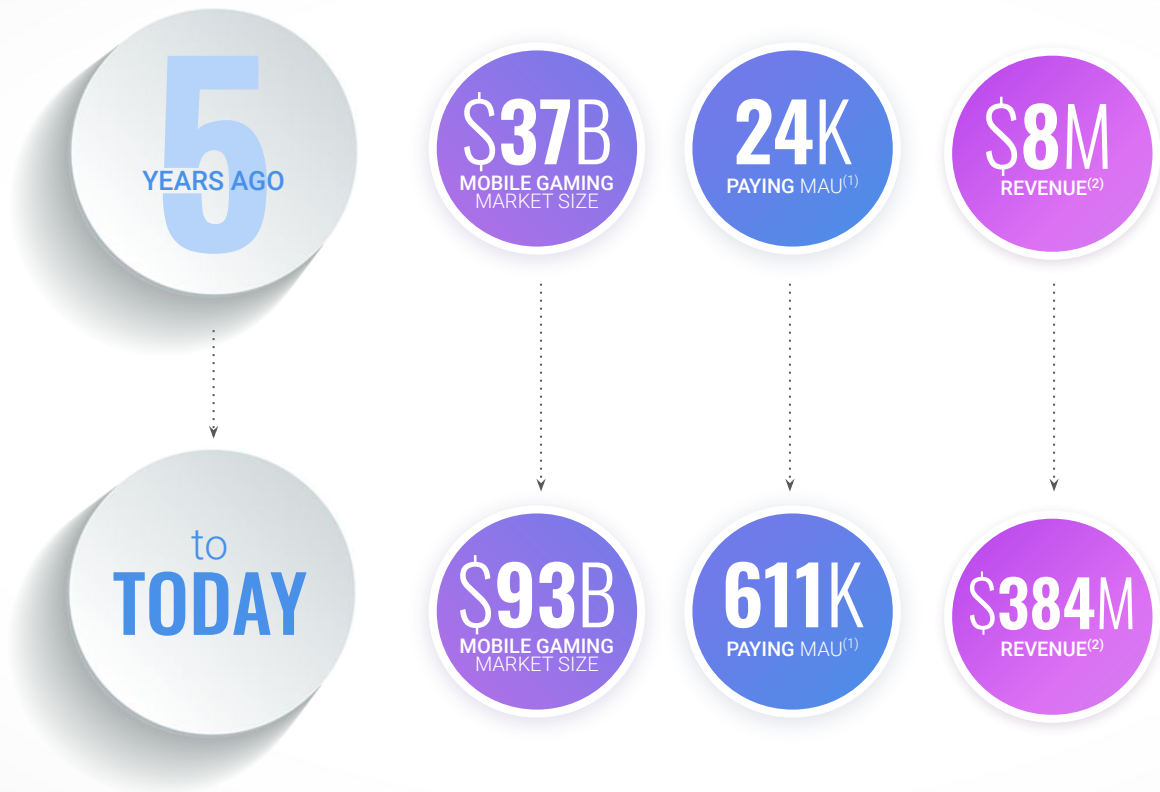


FINANCIAL KPIs

IAN LEE

CHIEF FINANCIAL OFFICER

WHERE WE'VE COME FROM

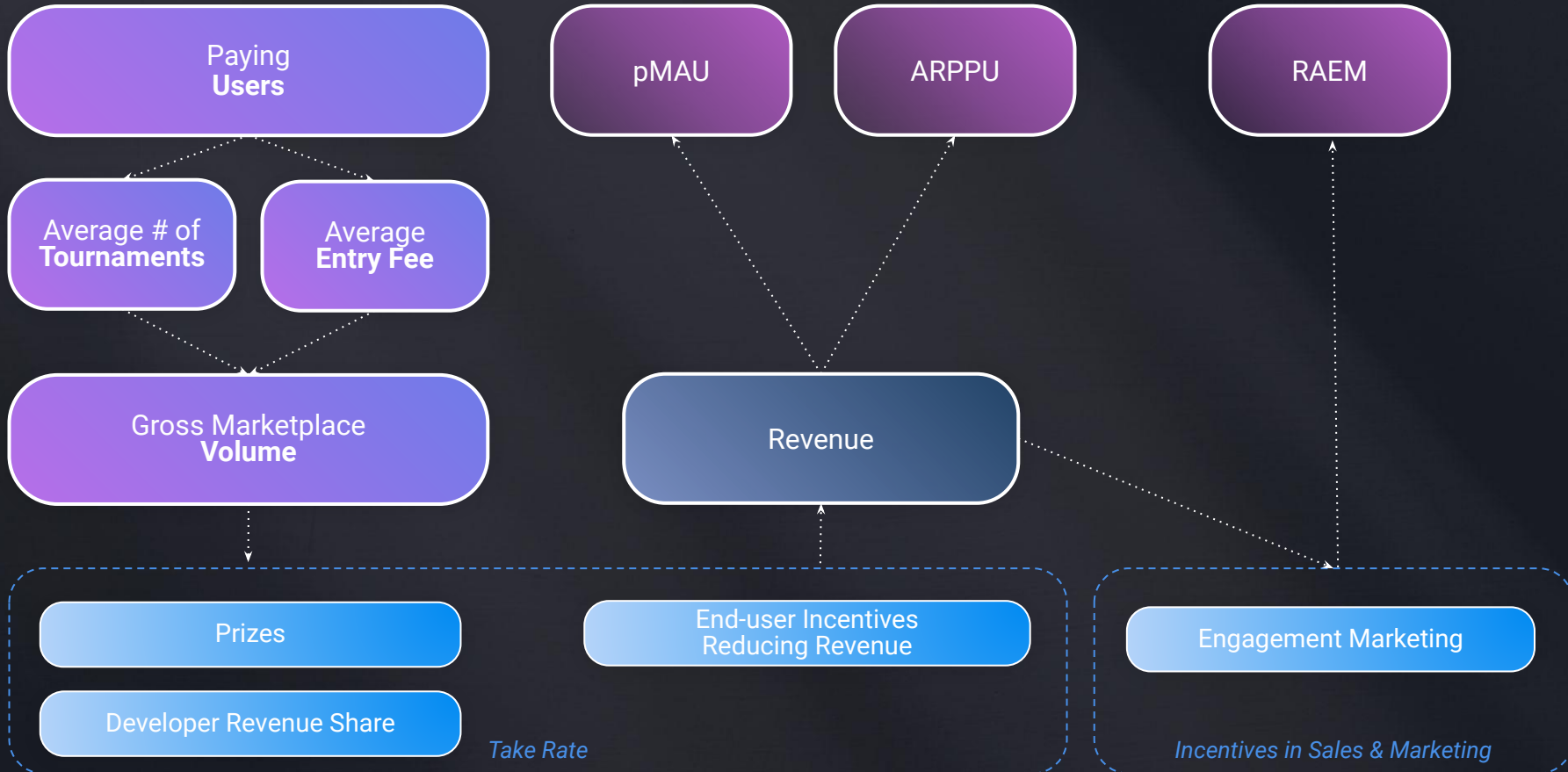


Source: Newzoo

(1) pMAU figures are as of Q4 2016 and Q4 2021 respectively.

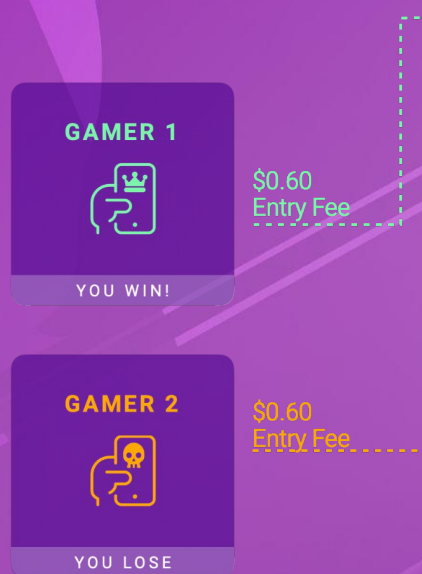
(2) Revenue figures are for FY2016 and FY2021 respectively.

HOW WE GENERATE REVENUE



HOW THE BUSINESS MODEL WORKS

Business Model



\$1.20 Gross Marketplace Volume
(**\$1.00**) Prizes, Incentives & Dev Profit Share

\$0.20 Revenue (14.7% take-rate)
x 92% Gross margin

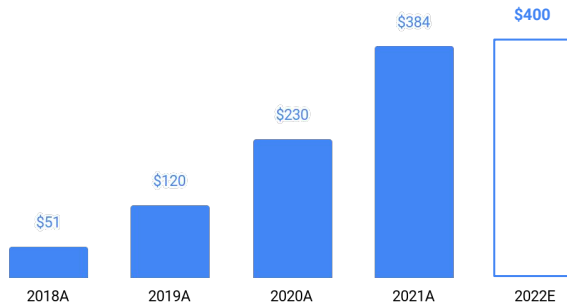
\$0.18 Gross profit
\$0.17 OpEx (excl. SBC, D&A, non-recurring items and UA)

\$0.01 Adj. EBITDA before UA (17% of Revenue)

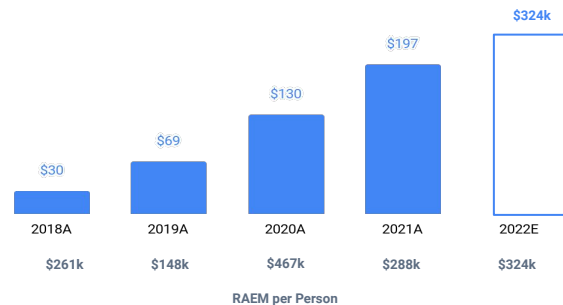
Note: All dollar amounts are illustrative and based on actual take-rate and margin structure and reflect rounding. Adjusted EBITDA is defined as EBITDA before non-recurring items and stock-based compensation ("SBC"). D&A means Depreciation and Amortization. UA or UA Marketing is the total cost to acquire new users in that period. UA Marketing was \$85.6 million in Q4 '21. See Appendix for a reconciliation of Adjusted EBITDA to the most comparable GAAP metrics.

PURSuing PROFITABLE GROWTH

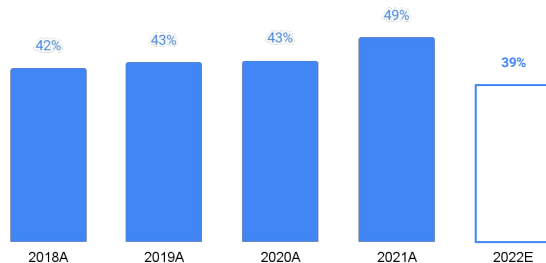
Revenue



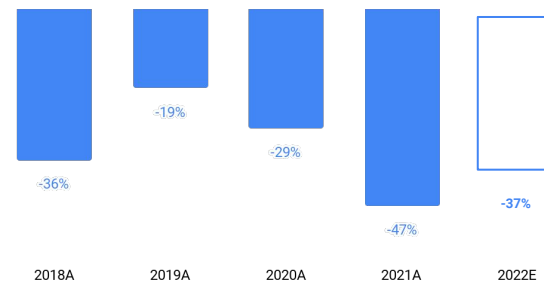
Revenue after Engagement Marketing



Engagement Marketing as % of Revenue



Adjusted EBITDA Margin %



Note: All \$ in millions, except for per person statistics. 2022E based on guidance provided by Company in connection with Q4'21 earnings on 2/23/22. See Appendix for a reconciliation of Adjusted EBITDA Margin % to the most comparable GAAP metric.

DRIVERS OF PATH TO PROFITABILITY

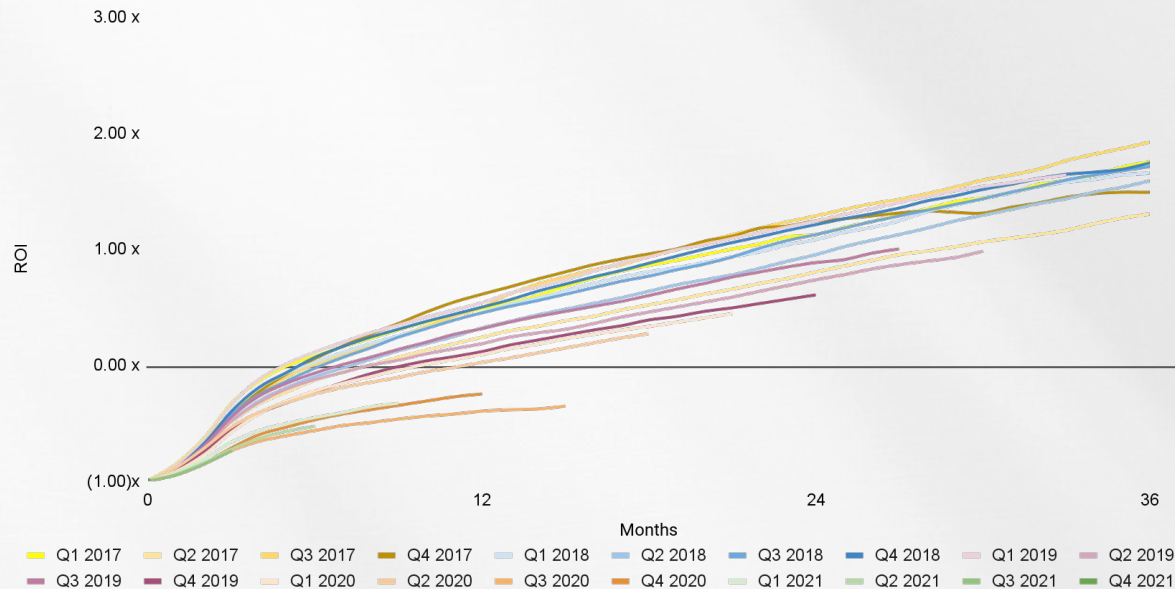
Key Drivers

Grow User Retention
or Engagement

Improve UA Efficiency

Improve Engagement
Marketing Efficiency

ROI on UA Marketing⁽¹⁾



(1) ROI calculated based on cumulative gross profit after engagement marketing divided by UAC.

GROWING USER RETENTION OR ENGAGEMENT

Key Driver

is new user features

Key Risks include product development and user adoption

Key Upsides include new content

Historical Quarterly Cohort LTV



Note: LTV calculated based on cumulative gross profit after engagement marketing. LTV shown on a per paying user basis. LTV performance is indexed to the first quarter that the cohorts are acquired.

IMPROVING USER ACQUISITION MARKETING EFFICIENCY

Key Driver

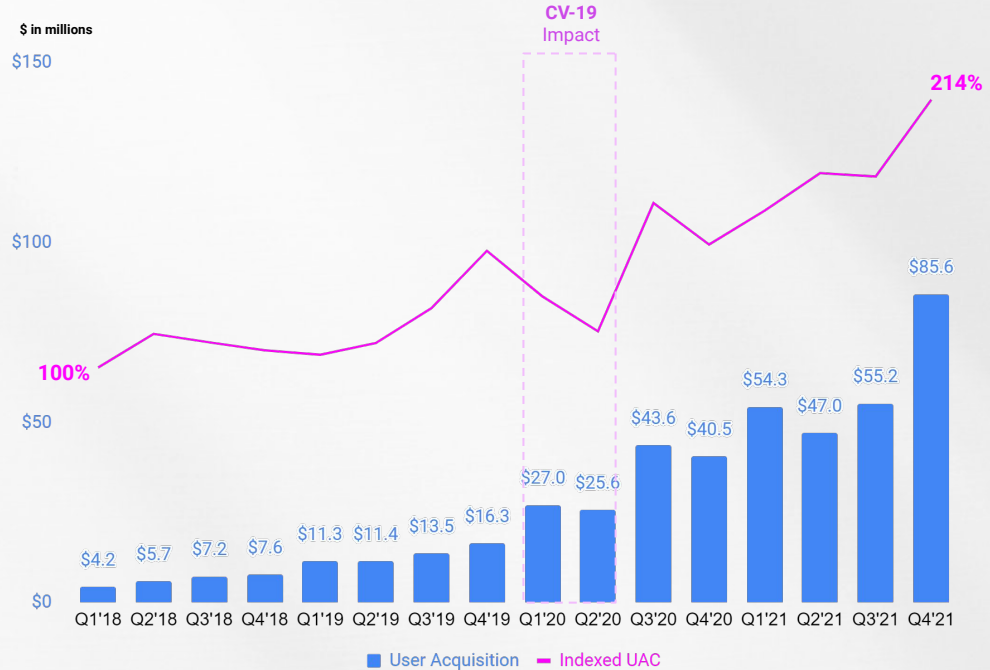
is optimizing current traffic sources and growing organic

Key Risks

include traffic quality from newer sources and media cost inflation

Key Upsides

include better than expected price elasticity, Aarki performance improvements and cloud gaming



Note: UAC indexed to Q1'18.

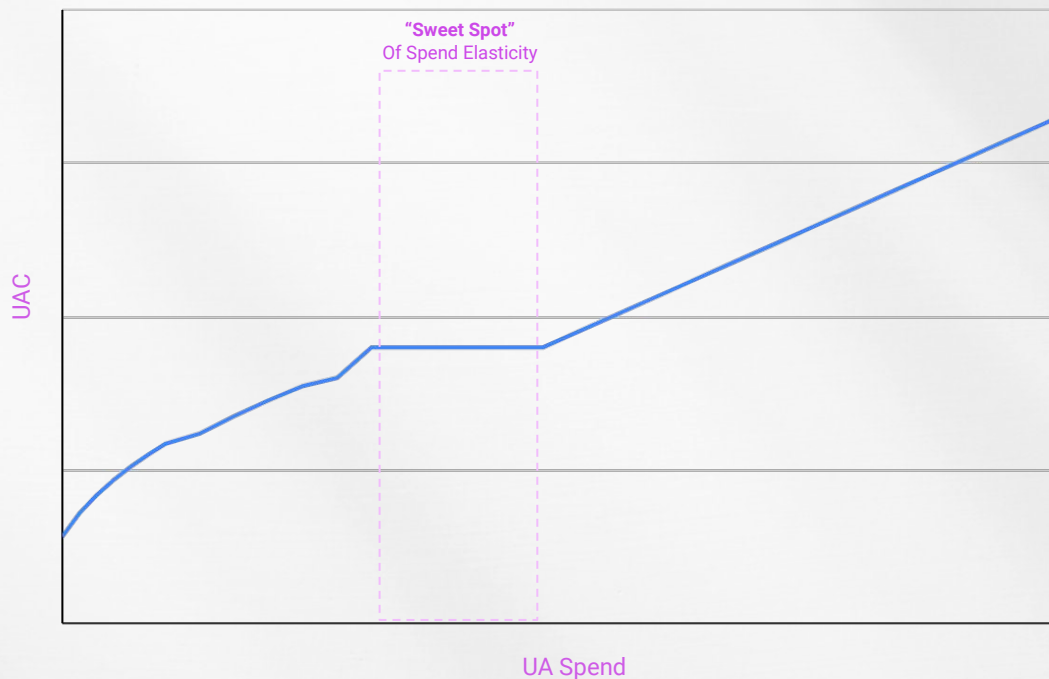
IMPROVING USER ACQUISITION MARKETING EFFICIENCY

(CONT'D)

UAC vs UA Spend

Example Initiative

Targeting "sweet spot"
of UAC vs Spend



IMPROVING ENGAGEMENT MARKETING EFFICIENCY

Key Driver

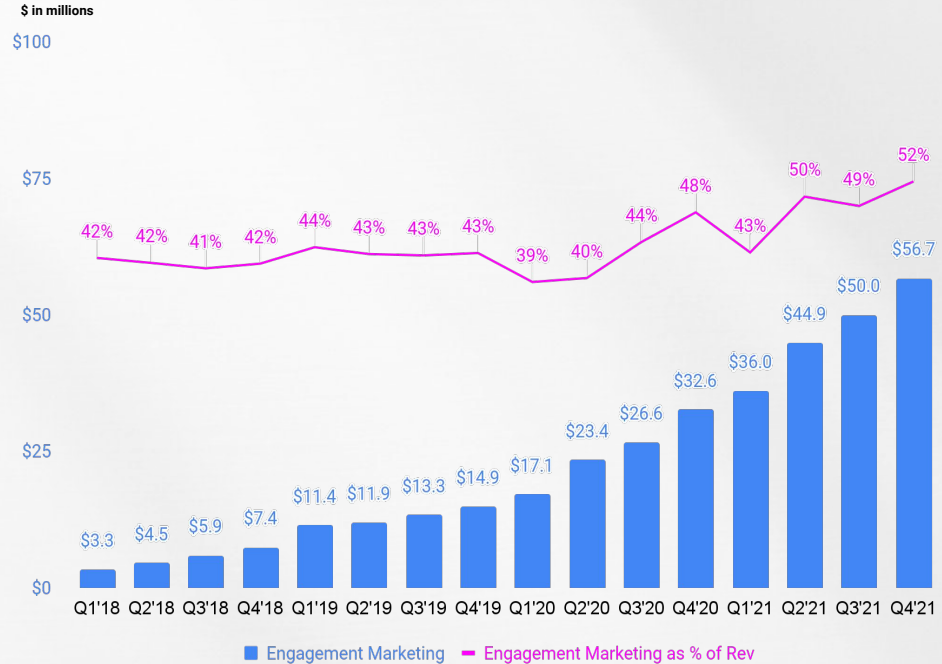
is identifying low return programs

Key Risks

include uncertain impact on longer-term user behavior

Key Upsides

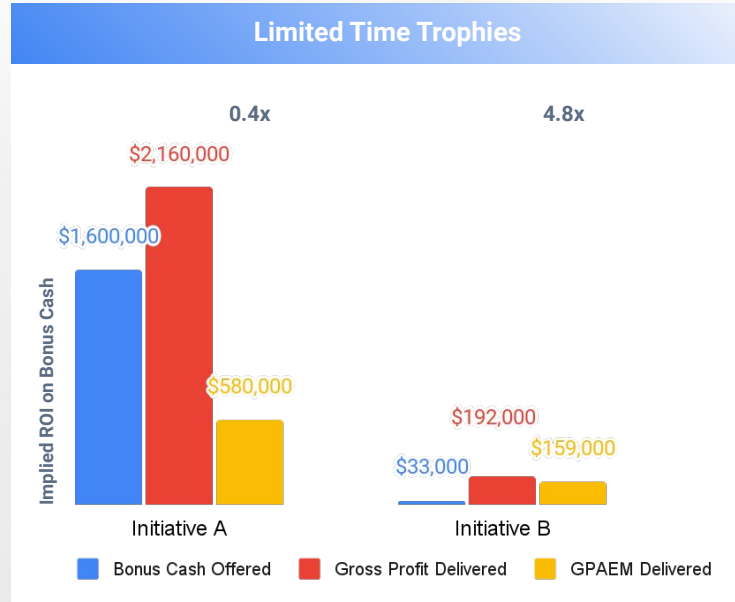
include eliminating programs that may have been displacing user deposits



IMPROVING ENGAGEMENT MARKETING EFFICIENCY

(CONT'D)

Examples of engagement marketing initiatives



Note: The example initiatives that are shown indicate the Bonus Cash offered and the Gross Profit after Engagement Marketing delivered within a 7-day period on the Skillz platform for each initiative.

PATH TO BREAK EVEN

KEY NEAR-TERM DRIVERS

- Greater **user acquisition efficiency**
- Lower and more effective **engagement marketing**
- **LTV growth** driven by product initiatives

KEY UPSIDE DRIVERS

- New hit **content**
- Take rate **enhancement**
- Brand **partnerships**
- International **expansion**
- **Cloud** gaming
- Access to **Google Play** store

SUMMARY

■
We are **Pioneering**
a new market

■
Profitable and Durable Growth
is our focus

■
Path to Profitability
driven by improving unit economics

■
Marketing Efficiency and New Products
is our plan

■
New Content is Upside
to full year 2022 revenue and RAEM guidance

■

Q&A SESSION #2



CLOSING REMARKS

ANDREW PARADISE
CHIEF EXECUTIVE OFFICER

SUMMARY

■
Building the Competition Layer of the Internet
is our mission

■
We Serve the Massive, Rapidly Growing Market
of mobile gaming

■
We Make Gaming Better for the Entire Ecosystem
with an innovative solution for monetizing games

■
Adoption by Game Developers is Still Early
with fewer inhibitors today than in the past

■
We are Investing in the Content Engine
to increase the games on our platform

■
Our goal is
Every Gamer, Every Developer and Every Game on Skillz!
■

THANK YOU

APPENDIX: RECONCILIATION TO NON-GAAP ITEMS

(\$ IN MILLIONS)	2021	% OF REVENUE	2020	% OF REVENUE	2019	% OF REVENUE
Net Loss	(\$181.4)	(47.2%)	(\$145.5)	(63.2%)	(\$23.6)	(19.7%)
Interest Expense, net	1.2	0.3%	1.3	0.6%	2.5	2.1%
Change in fair value of common stock warrants liabilities	(87.9)	(22.9%)	23.0	10.0%	-	-
Stock-based Compensation	60.3	15.7%	23.8	10.3%	1.2	1.0%
Provision for Income Taxes	(19.0)	(4.9%)	0.1	0.0%	-	-
Depreciation and Amortization	11.1	2.9%	1.6	0.7%	0.7	0.6%
Other non-operating costs (income)	0.0	0.0%	21.4	9.3%	(3.6)	(3.0%)
Impairment charge	-	-	3.4	1.5%	-	-
Acquisition related expenses	8.0	2.1%	-	-	-	-
Loss contingency accrual	11.6	3.0%	-	-	-	-
One-time non recurring expenses	14.6	3.8%	4.7	2.0%	-	-
Adjusted EBITDA	(\$181.5)	(47.3%)	(\$66.1)	(28.7%)	(\$22.8)	(19.0%)

Note: The Company defines and calculates Adjusted EBITDA as net income (loss) before interest, other non-operating expense or income, (benefit) 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, impairment charges, acquisition related expenses for transaction costs and certain loss contingency accruals. The Company's management believes Adjusted EBITDA is useful in evaluating its operating performance and is a similar measure 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.

APPENDIX: RECONCILIATION TO NON-GAAP ITEMS

(\$ IN MILLIONS)	2021	2020	2019
Revenue	\$384.1	\$230.1	\$119.9
Sales and marketing - engagement marketing	\$187.6	\$99.8	\$51.4
Revenue after engagement marketing	\$196.5	\$130.3	\$68.5

Note: The Company defines and calculates RAEM based on the Company's consolidated revenue less engagement marketing expenses included in sales and marketing expense. The Company's management believes that RAEM is a useful measure to enable investors to better measure the Company's progress in optimizing engagement marketing and the core growth rate of our business.

skillz

