REFINITIV

DELTA REPORT

10-Q

SKLZ - SKILLZ INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	831
CHANGES	315
DELETIONS	258
ADDITIONS	258

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023 September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to_____

Commission file number: 001-39243

SKILLZ INC.
(Exact name of registrant as specified in its charter)

Delaware	**84-4478274**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6625 Badura Avenue **Las Vegas, Nevada**	**89118**
(Address of Principal Executive Offices)	(Zip Code)

(415) 762-0511
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001 per share	SKLZ	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☐

As of August 1, 2023 November 1, 2023, the registrant had outstanding 17,742,226 18,017,597 shares of Class A common stock and 3,430,063 shares of Class B common stock.

SKILLZ INC.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, about Skillz Inc. ("we," "us," "our," or the "Company") and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this report, including statements regarding guidance, our future results of operations or financial condition, business strategy and plans, user growth and engagement, product initiatives, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "going to," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. We caution you that the foregoing may not include all of the forward-looking statements made in this report.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks, uncertainties, and other factors described in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, as supplemented by our other Securities and Exchange Commission filings, including among other things:

- Our future growth depends on our ability to attract and retain end-users, and do so in a cost-effective manner;
- Our business could be harmed if we fail ability to manage our growth effectively;
- We have a Our ability to achieve profitability given our history of losses and we may be unable to achieve profitability; losses;
- We rely Our reliance on our third-party developer partners to continue to offer a competitive experience in existing and new games on our platform;
- A Risks related to the fact that a limited number of games account for a substantial portion of our revenue;

- We rely Our reliance on third-party service providers including cloud computing services, payment processors, and infrastructure service providers, and if we cannot our ability to manage our relationships with such providers or lose access to such services, our business, financial condition, results of operations and prospects could be adversely affected; services;
- Failure Our ability to maintain our brand and reputation could harm our business, financial condition and results of operations; reputation;
- The competitiveness of the broader entertainment industry, is highly competitive and the potential that our existing and potential users may be attracted to competing forms of entertainment;
- Our business is subject Risk related to a variety of U.S. and foreign laws which our business is subject to, and which are subject to change and could adversely affect our business;
- Failure Our ability to obtain, maintain, protect or enforce our intellectual property rights could harm our business, results of operations and financial condition; rights;
- Economic Risks related to economic downturns and political and market conditions beyond our control could adversely affect our business, financial condition and results of operations; control;
- The Risk related to the occurrence of a data breach or other failure of our cybersecurity;
- Failure to properly contain a global pandemic in a timely manner could materially affect and any related impact on how we and our business partners are operating;
- Failure Our ability to timely and effectively remediate the material weaknesses in our internal controls over financial reporting or additional material weaknesses or other deficiencies in the future; and
- Failure Our ability to mitigate the commercial, reputational and regulatory risks to our business that may arise as a consequence of our need to restate our financial statements.

These statements are based on our historical performance and on our current plans, estimates and projections in light of information currently available to us, and therefore you should not place undue reliance on them. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Forward-looking statements made in this Quarterly Report on Form 10-Q speak only as of the date on which such statements are made, and we undertake no obligation to update them in light of new information or future events, except as required by law.

You should carefully consider the above factors, as well as the factors discussed in other risks described in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, as supplemented by our other Securities and Exchange Commission filings. The factors identified above should not be construed as an exhaustive list of factors that could affect our future results and should be read in conjunction with the other cautionary statements that are included in this Quarterly Report on Form 10-Q. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. If any of these trends, risks or uncertainties actually occurs or continues, our business, revenue and financial results could be harmed, the trading price of our Class A common stock could decline and you could lose all or part of your investment.

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PART I

ITEM 1. FINANCIAL STATEMENTS

SKILLZ INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands, except for number of shares and par value per share amounts)

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Assets	**Assets**			**Assets**		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	$ 324,779	$ 362,516	Cash and cash equivalents	$ 330,158	$ 362,516
Marketable securities, current	Marketable securities, current	27,319	127,268	Marketable securities, current	4,800	127,268
Accounts receivable, net	Accounts receivable, net	9,658	7,177	Accounts receivable, net	9,265	7,177
Prepaid expenses and other current assets	Prepaid expenses and other current assets	6,038	4,722	Prepaid expenses and other current assets	6,275	4,722
Total current assets	Total current assets	367,794	501,683	Total current assets	350,498	501,683
Non-current assets:	Non-current assets:			Non-current assets:		

Property, plant and equipment, net	Property, plant and equipment, net	13,437	2,991	Property, plant and equipment, net	13,812	2,991
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	164	472	Operating lease right-of-use assets, net	—	472
Marketable securities, non-current	Marketable securities, non-current	6,097	56,728	Marketable securities, non-current	2,058	56,728
Non-marketable equity securities	Non-marketable equity securities	55,649	55,649	Non-marketable equity securities	55,649	55,649
Restricted cash as other long-term assets	Restricted cash as other long-term assets	3,176	2,920	Restricted cash as other long-term assets	2,920	2,920
Other long-term assets	Other long-term assets	1,072	852	Other long-term assets	3,182	852
Total non-current assets	Total non-current assets	79,595	119,612	Total non-current assets	77,621	119,612
Total assets	Total assets	$ 447,389	$ 621,295	Total assets	$ 428,119	$ 621,295
Liabilities and stockholders' equity	**Liabilities and stockholders' equity**			**Liabilities and stockholders' equity**		
Current liabilities:	Current liabilities:			Current liabilities:		
Accounts payable	Accounts payable	$ 4,195	$ 1,696	Accounts payable	$ 2,395	$ 1,696
Operating lease liabilities, current	Operating lease liabilities, current	1,786	2,133	Operating lease liabilities, current	1,469	2,133
Other current liabilities	Other current liabilities	58,339	45,666	Other current liabilities	60,934	45,666
Total current liabilities	Total current liabilities	64,320	49,495	Total current liabilities	64,798	49,495
Non-current liabilities:	Non-current liabilities:			Non-current liabilities:		
Operating lease liabilities, non-current	Operating lease liabilities, non-current	11,174	11,942	Operating lease liabilities, non-current	10,874	11,942
Common stock warrant liabilities, non-current	Common stock warrant liabilities, non-current	138	289	Common stock warrant liabilities, non-current	11	289
Long-term debt, non-current	Long-term debt, non-current	123,148	272,781	Long-term debt, non-current	123,535	272,781
Other long-term liabilities	Other long-term liabilities	1,138	8,387	Other long-term liabilities	1,167	8,387
Total non-current liabilities	Total non-current liabilities	135,598	293,399	Total non-current liabilities	135,587	293,399
Total liabilities	Total liabilities	199,918	342,894	Total liabilities	200,385	342,894
Stockholders' equity:	Stockholders' equity:			Stockholders' equity:		
Preferred stock $0.0001 par value; 10 million shares authorized — 0 issued and outstanding as of June 30, 2023 and December 31, 2022		—	—			
Common stock $0.0001 par value; 31 million shares authorized; Class A common stock – 25 million shares authorized; 18 million and 18 million shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively; Class B common stock – 6 million shares authorized; 3 million shares issued and outstanding as of June 30, 2023 and December 31, 2022		41	41			
Preferred stock $0.0001 par value; 10 million shares authorized — 0 issued and outstanding as of September 30, 2023 and December 31, 2022				Preferred stock $0.0001 par value; 10 million shares authorized — 0 issued and outstanding as of September 30, 2023 and December 31, 2022	—	—

Common stock $0.0001 par value; 31 million shares authorized; Class A common stock – 25 million shares authorized; 18 million and 18 million shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively; Class B common stock – 6 million shares authorized; 3 million shares issued and outstanding as of September 30, 2023 and December 31, 2022				Common stock $0.0001 par value; 31 million shares authorized; Class A common stock – 25 million shares authorized; 18 million and 18 million shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively; Class B common stock – 6 million shares authorized; 3 million shares issued and outstanding as of September 30, 2023 and December 31, 2022	41	41
Additional paid-in capital	Additional paid-in capital	1,178,290	1,153,031	Additional paid-in capital	1,186,686	1,153,031
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(172)	(1,563)	Accumulated other comprehensive loss	(37)	(1,563)
Accumulated deficit	Accumulated deficit	(930,688)	(873,108)	Accumulated deficit	(958,956)	(873,108)
Total stockholders' equity	Total stockholders' equity	247,471	278,401	Total stockholders' equity	227,734	278,401
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$ 447,389	$ 621,295	Total liabilities and stockholders' equity	$ 428,119	$ 621,295

See accompanying Notes to the Condensed Consolidated Financial Statements.

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SKILLZ INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited, in thousands, except for number of shares and per share amounts)

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,			Nine Months Ended September 30,			
		2023	2022	2023	2022		2023	2022		2023	2022		
Revenue	Revenue	$ 40,166	$ 71,757	$ 84,549	$ 163,621	Revenue	$ 36,427	$ 59,216		$ 120,975	$ 222,837		
Costs and expenses:	Costs and expenses:					Costs and expenses:							
Cost of revenue	Cost of revenue	3,650	9,003	8,232	18,203	Cost of revenue	3,693	7,599		11,923	25,802		
Research and development	Research and development	8,966	18,253	17,847	36,903	Research and development	7,852	7,937		24,757	44,840		
Sales and marketing	Sales and marketing	33,085	73,731	68,003	191,076	Sales and marketing	31,925	51,480		99,510	242,556		
General and administrative	General and administrative	30,098	26,881	58,168	119,604	General and administrative	24,389	20,936		78,080	140,540		
Impairment of intangible assets and other charges									Impairment of intangible assets and other charges	—	51,230	455	51,230
Total costs and expenses	Total costs and expenses	75,799	127,868	152,250	365,786	Total costs and expenses	67,859	139,182		214,725	504,968		
Loss from operations	Loss from operations	(35,633)	(56,111)	(67,701)	(202,165)	Loss from operations	(31,432)	(79,966)		(93,750)	(282,131)		

Gain on extinguishment of debt	Gain on extinguishment of debt	15,205	—	15,205	—	Gain on extinguishment of debt	—	2,553		15,205	2,553		
Interest expense, net	Interest expense, net	(1,712)	(7,596)	(5,207)	(15,753)	Interest expense, net	(2,279)	(6,360)		(7,486)	(22,113)		
Change in fair value of common stock warrant liabilities	Change in fair value of common stock warrant liabilities	152	1,023	151	5,485	Change in fair value of common stock warrant liabilities	127	(80)		278	5,405		
Other income (expense), net		11	(82)	50	(109)								
Other income, net									Other income, net	48	508	98	398
Loss before income taxes	Loss before income taxes	(21,977)	(62,766)	(57,502)	(212,542)	Loss before income taxes	(33,536)	(83,345)		(85,655)	(295,888)		
Provision for (benefit from) income taxes	Provision for (benefit from) income taxes	10	(155)	79	(367)	Provision for (benefit from) income taxes	9	(120)		193	(488)		
Net loss	Net loss	$ (21,987)	$ (62,611)	$ (57,581)	$ (212,175)	Net loss	$ (33,545)	$ (83,225)		$ (85,848)	$ (295,400)		
Net loss per share attributable to common stockholders:	Net loss per share attributable to common stockholders:					Net loss per share attributable to common stockholders:							
Basic and diluted	Basic and diluted	$ (1.05)	$ (3.07)	$ (2.75)	$ (10.48)	Basic and diluted	$ (1.57)	$ (4.02)		$ (4.05)	$ (14.48)		
Weighted average shares outstanding:	Weighted average shares outstanding:					Weighted average shares outstanding:							
Basic and diluted	Basic and diluted	20,990,780	20,407,887	20,939,723	20,246,176	Basic and diluted	21,305,470	20,691,704		21,175,797	20,396,317		
Other comprehensive income (loss):	Other comprehensive income (loss):					Other comprehensive income (loss):							
Change in unrealized loss on available-for-sale investments, net of tax	Change in unrealized loss on available-for-sale investments, net of tax	394	(577)	1,391	(2,623)	Change in unrealized loss on available-for-sale investments, net of tax	135	139		1,526	(2,484)		
Total other comprehensive income (loss):	Total other comprehensive income (loss):	394	(577)	1,391	(2,623)	Total other comprehensive income (loss):	135	139		1,526	(2,484)		
Total comprehensive loss	Total comprehensive loss	$ (21,593)	$ (63,188)	$ (56,190)	$ (214,798)	Total comprehensive loss	$ (33,410)	$ (83,086)		$ (84,322)	$ (297,884)		

See accompanying Notes to the Condensed Consolidated Financial Statements.

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SKILLZ INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited, in thousands, except for number of shares)

		Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Amount	Total stockholders' equity		Common stock				Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	
		Shares	Amount														
Balance at December 31, 2021	**Balance at December 31, 2021**	20,437,692	$ 40	$1,043,600	$ (248)	$ (434,233)		$ 609,159	**Balance at December 31, 2021**	20,437,692	**Total stockholders' equity**	$ 40		$ 1,043,600	$ (248)		$609,15
Issuance of common stock upon exercise of stock options and release of restricted stock units	Issuance of common stock upon exercise of stock options and release of restricted stock units	43,997	—	236	—	—		236	Issuance of common stock upon exercise of stock options and release of restricted stock units	43,997		—		236	—	—	
Stock-based compensation	Stock-based compensation	—	—	77,879	—	—		77,879	Stock-based compensation	—		—		77,879	—	—	
Other comprehensive loss	Other comprehensive loss	—	—	—	(2,046)	—		(2,046)	Other comprehensive loss	—		—		—	(2,046)	—	
Other, net	Other, net	—	—	(64)	—	—		(64)	Other, net	—		—		(64)	—	—	
Net loss	Net loss	—	—	—	—	(149,564)		(149,564)	Net loss	—		—		—	—	(149,564)	
Balance at March 31, 2022	**Balance at March 31, 2022**	20,481,689	$ 40	$1,121,651	$ (2,294)	$ (583,797)		$ 535,600	**Balance at March 31, 2022**	20,481,689		$ 40		$1,121,651	$ (2,294)	$ (583,797)	
Issuance of common stock upon exercise of stock options and release of restricted stock units	Issuance of common stock upon exercise of stock options and release of restricted stock units	474,977	1	616	—	—		617	Issuance of common stock upon exercise of stock options and release of restricted stock units	474,977		1		616	—	—	
Stock-based compensation	Stock-based compensation	—	—	13,431	—	—		13,431	Stock-based compensation	—		—		13,431	—	—	
Other comprehensive loss	Other comprehensive loss	—	—	—	(577)	—		(577)	Other comprehensive loss	—		—		—	(577)	—	
Net loss	Net loss	—	—	—	—	(62,611)		(62,611)	Net loss	—		—		—	—	(62,611)	
Balance at June 30, 2022	**Balance at June 30, 2022**	20,956,666	$ 41	$1,135,698	$ (2,871)	$ (646,408)		$ 486,460	**Balance at June 30, 2022**	20,956,666		$ 41		$1,135,698	$ (2,871)	$ (646,408)	
Issuance of common stock upon exercise of stock options and release of restricted stock units													Issuance of common stock upon exercise of stock options and release of restricted stock units	51,537	—	—	
Stock-based compensation													Stock-based compensation	—	—	6,058	
Other comprehensive loss													Other comprehensive loss	—	—	—	
Net loss													Net loss	—	—	—	
Balance at September 30, 2022													**Balance at September 30, 2022**	21,008,203	$ 41	$ 1,141,756	
Balance at December 31, 2022	**Balance at December 31, 2022**	21,068,697	$ 41	$1,153,031	$ (1,563)	$ (873,108)		$ 278,401	**Balance at December 31, 2022**	21,068,697		$ 41		$1,153,031	$ (1,563)	$ (873,108)	

Issuance of common stock upon exercise of stock options and release of restricted stock units	Issuance of common stock upon exercise of stock options and release of restricted stock units	61,124	—	33	—	—	33	Issuance of common stock upon exercise of stock options and release of restricted stock units	61,124	—	33	—	—
Stock-based compensation	Stock-based compensation	—	—	10,548	—	—	10,548	Stock-based compensation	—	—	10,548	—	—
Other comprehensive income	Other comprehensive income	—	—	—	997	—	997	Other comprehensive income	—	—	—	997	—
Other, net		—	—	—	—	—	—						
Net loss	Net loss	—	—	—	—	(35,593)	(35,593)	Net loss	—	—	—	—	(35,593)
Balance at March 31, 2023	**Balance at March 31, 2023**	21,129,821	$ 41	$1,163,612	$ (566)	$ (908,701)	$ 254,386	**Balance at March 31, 2023**	21,129,821	$ 41	$1,163,612	$ (566)	$ (908,701)
Issuance of common stock upon exercise of stock options and release of restricted stock units	Issuance of common stock upon exercise of stock options and release of restricted stock units	40,271	—	34	—	—	34	Issuance of common stock upon exercise of stock options and release of restricted stock units	40,271	—	37	—	—
Stock-based compensation	Stock-based compensation	—	—	14,644	—	—	14,644	Stock-based compensation	—	—	10,622	—	—
Other comprehensive income	Other comprehensive income	—	—	—	394	—	394	Other comprehensive income	—	—	—	394	—
Other, net		—	—	—	—	—	—						
Net loss	Net loss	—	—	—	—	(21,987)	(21,987)	Net loss	—	—	—	—	(16,710)
Balance at June 30, 2023	**Balance at June 30, 2023**	21,170,092	$ 41	$1,178,290	$ (172)	$ (930,688)	$ 247,471	**Balance at June 30, 2023**	21,170,092	$ 41	$1,174,271	$ (172)	$ (925,411)
Issuance of common stock upon exercise of stock options and release of restricted stock units								Issuance of common stock upon exercise of stock options and release of restricted stock units			287,021	—	(25)
Stock-based compensation								Stock-based compensation			—	—	12,440
Other comprehensive income								Other comprehensive income			—	—	—
Net loss								Net loss			—	—	—
Balance at September 30, 2023								**Balance at September 30, 2023**			21,457,113	$ 41	$ 1,186,686

See accompanying Notes to the Condensed Consolidated Financial Statements.

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SKILLZ INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating Activities	**Operating Activities**			**Operating Activities**		
Net loss	Net loss	$ (57,581)	$ (212,175)	Net loss	$ (85,848)	$ (295,400)
Adjustment to reconcile net loss to net cash used in operating activities:	Adjustment to reconcile net loss to net cash used in operating activities:			Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	Depreciation and amortization	1,372	11,384	Depreciation and amortization	1,858	15,705
Stock-based compensation	Stock-based compensation	25,192	91,310	Stock-based compensation	33,610	97,368
Gain on extinguishment of debt	Gain on extinguishment of debt	(15,205)	—	Gain on extinguishment of debt	(15,205)	(2,553)
Accretion of unamortized debt discount and amortization of debt issuance costs	Accretion of unamortized debt discount and amortization of debt issuance costs	1,428	2,016	Accretion of unamortized debt discount and amortization of debt issuance costs	1,815	2,930
Amortization of premium (accretion of discount) for marketable securities	Amortization of premium (accretion of discount) for marketable securities	591	2,781	Amortization of premium (accretion of discount) for marketable securities	839	2,819
Deferred income taxes	Deferred income taxes	—	(481)	Deferred income taxes	—	(481)
Change in fair value of common stock warrant liabilities	Change in fair value of common stock warrant liabilities	(151)	(5,485)	Change in fair value of common stock warrant liabilities	(278)	(5,405)
Impairment charges	Impairment charges	455	—	Impairment charges	455	51,230
Noncash operating lease costs				Noncash operating lease costs	17	1,145
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
Accounts receivable, net	Accounts receivable, net	(2,481)	2,530	Accounts receivable, net	(2,088)	4,597
Prepaid expenses and other assets	Prepaid expenses and other assets	(1,792)	(5,076)	Prepaid expenses and other assets	(1,883)	(2,247)
Operating lease right-of-use assets, net		308	1,197			
Accounts payable	Accounts payable	2,499	(17,223)	Accounts payable	699	(14,020)
Loss contingency accrual				Loss contingency accrual	—	(4,605)
Operating lease liabilities	Operating lease liabilities	(1,115)	(1,087)	Operating lease liabilities	(1,732)	(895)
Other accruals and liabilities	Other accruals and liabilities	5,423	(14,705)	Other accruals and liabilities	8,255	(16,972)
Net cash used in operating activities	**Net cash used in operating activities**	(41,057)	(145,014)	**Net cash used in operating activities**	(59,486)	(166,784)
Investing Activities	**Investing Activities**			**Investing Activities**		
Purchases of property and equipment, including internal-use software	Purchases of property and equipment, including internal-use software	(11,622)	(346)	Purchases of property and equipment, including internal-use software	(12,081)	(1,957)

Investment in loan receivable				Investment in loan receivable	(2,000)	—
Purchases of marketable securities	Purchases of marketable securities	—	(327,504)	Purchases of marketable securities	—	(432,873)
Proceeds from maturities of marketable securities	Proceeds from maturities of marketable securities	98,903	325,078	Proceeds from maturities of marketable securities	121,226	485,565
Proceeds from sales of marketable securities	Proceeds from sales of marketable securities	52,477	79,084	Proceeds from sales of marketable securities	56,599	125,306
Net cash provided by investing activities	**Net cash provided by investing activities**	139,758	76,312	**Net cash provided by investing activities**	163,744	176,041
Financing Activities	**Financing Activities**			**Financing Activities**		
Principal payments on finance leases obligations	Principal payments on finance leases obligations	(394)	(1,495)	Principal payments on finance leases obligations	(807)	(2,044)
Payments for debt issuance costs	Payments for debt issuance costs	—	(1,998)	Payments for debt issuance costs	—	(2,005)
Payments for extinguishment of debt	Payments for extinguishment of debt	(135,855)	—	Payments for extinguishment of debt	(135,855)	(7,540)
Net proceeds from exercise of stock options and issuance of common stock	Net proceeds from exercise of stock options and issuance of common stock	67	852	Net proceeds from exercise of stock options and issuance of common stock	46	852
Net cash used in financing activities	**Net cash used in financing activities**	(136,182)	(2,641)	**Net cash used in financing activities**	(136,616)	(10,737)
Net change in cash, cash equivalents and restricted cash	Net change in cash, cash equivalents and restricted cash	(37,481)	(71,343)	Net change in cash, cash equivalents and restricted cash	(32,358)	(1,480)
Cash, cash equivalents and restricted cash – beginning of year	Cash, cash equivalents and restricted cash – beginning of year	365,436	244,252	Cash, cash equivalents and restricted cash – beginning of year	365,436	244,252
Cash, cash equivalents and restricted cash – end of period	**Cash, cash equivalents and restricted cash – end of period**	$ 327,955	$ 172,909	**Cash, cash equivalents and restricted cash – end of period**	$ 333,078	$ 242,772
Supplemental cash flow data:	**Supplemental cash flow data:**			**Supplemental cash flow data:**		
Cash paid during the period for:	Cash paid during the period for:			Cash paid during the period for:		
Interest	Interest	$ 12,211	$ 15,097	Interest	$ 12,261	$ 15,420
Noncash investing and financing activities:						
Deferred offering costs and issuance costs in accounts payable and accrued liabilities		$ —	$ (7)			
Taxes				Taxes	$ 200	$ —

See accompanying Notes to the Condensed Consolidated Financial Statements.

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SKILLZ INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, amounts in tables are in thousands, unless otherwise noted)

1. Basis of Presentation

Business

Skillz (the "Company" or "Skillz") operates a competitive mobile gaming platform, driving the future of entertainment by accelerating the convergence of sports, video games and media. The Company's principal activities are to develop and support a proprietary online-hosted technology platform that enables independent game developers to host tournaments and provide competitive gaming activity ("Competitions") to end-users worldwide.

Basis of Presentation

The Company's condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") and pursuant to the regulations of the U.S. Securities and Exchange Commission ("SEC").

Consolidation

The Company consolidates the variable interest entity due to controlling financial interest and when the Company is the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

Unaudited Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and in accordance with the rules and regulations of the SEC. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited condensed consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of the Company's management, necessary for the fair presentation of the results of operations for the interim periods. Operating results for the six nine months ended June 30, 2023 September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the SEC on March 31, 2023.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and the related disclosures at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the periods presented. Estimates are used in several areas including, but not limited to, end user incentive program, stock-based compensation, valuation of common stock warrants and indirect tax liabilities. The Company bases these estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities. Actual results could differ materially from these estimates.

Revenue Recognition

The Company generates substantially all its revenues by providing a service to game developers aimed at improving the monetization of their game content. The monetization service provided by Skillz allows developers to offer multi-player competition to their end-users which increases end-user retention and engagement. Skillz provides developers with a software development kit ("SDK") that they can download and integrate with their existing games. The SDK serves as a data interface between Skillz and the game developers that enables Skillz to provide monetization services to the developer.

The Company recognizes revenue for its services in accordance with the FASB Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606").

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Revenues from Contracts with Customers

The Company applies the five-step model to achieve the core principle of ASC 606. The Company determined that its customer in the provision of its technology platform and services is the game developer. The Company's ordinary activities

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consist of providing game developers services through access to its technology platform using the Skillz SDK. The SDK acts as an application programming interface enabling communication of data between Skillz and the game developers, which when integrated with the developer's game content, facilitates end-user registration into competitions, managing and hosting end-user competition accounts, matching players of similar skill levels, collecting end-user entry fees, distributing end-user prizes, resolving end-user disputes pertaining to their participation in competitions, and running third-party marketing campaigns ("Monetization Services").

The Company provides Monetization Services to game developers enabling them to offer competitive games to their end-users. These activities are not distinct from each other as the Company provides an integrated service enabling the game developers to provide the competitive game service to the end-users, and as a result, they do not represent separate performance obligations. The Company is entitled to a revenue share based on total entry fees for paid competitions, regardless of how they are paid, net of end-user prizes (i.e., winnings from the competitions) and other costs to provide the Monetization Services. Entry fees used to enter paid competitions can include net cash deposits, cash from prior winnings, and end-user incentives. The game developers earn revenue share from monthly net cash deposits received from end-users, calculated based on paid entry fees attributable to their games as a percentage of total entry fees. End-user incentives are not paid for by game developers. In addition, the Company accounts for end-user incentives either as a reduction of revenue or as sales and marketing expense as noted below.

The Company collects the entry fees and related charges from end-users on behalf of game developers using the end-user's pre-authorized credit card or PayPal account and withholds its fees before making the remaining disbursement to the game developer; thus, the game developer's ability and intent to pay the amounts withheld by the Company is not subject to significant judgment. Certain of the Company's larger developer agreements provide the Company with the right to receive additional consideration from the game developer related to user acquisition costs incurred by the Company to provide its Monetization Services. The amount and timing of the additional consideration the Company expects to receive is uncertain and based on the future performance of the respective developer's games. The Company has not included these amounts of additional consideration in the transaction price related to its Monetization Services as it is not probable that a significant reversal of cumulative revenue recognized related to these amounts will not occur.

Revenue is recognized at the time the performance obligation is satisfied by transferring control of the promised service in an amount that reflects the consideration that the Company expects to receive in exchange for the Monetization Services. The Company recognizes revenue upon completion of a game, which is when its performance obligation to the game developer is satisfied. The Company does not recognize contract assets or contract liabilities as the payment of the transaction price is concurrent with the fulfillment of the services. At the time of game completion, the Company has the right to receive payment for the services rendered. The Company's agreements with game developers can generally be terminated for convenience by either party upon thirty days prior written notice, and in certain of the Company's larger developer agreements, the developer, if required by the Company, must continue to make its games available on the platform for a period of up to twelve months. As the Company is able to terminate the developer agreements at its convenience, the Company has concluded the contract term for revenue recognition does not extend beyond the contractual notification period. The Company did not have any transaction price allocated to performance obligations that are unsatisfied (or partially satisfied) as of June 30, 2023 September 30, 2023 and 2022.

Games provided by two developer partners accounted for 43% 81% and 37% 80% of the Company's revenue from Monetization Services in the three and six months ended June 30, 2023, September 30, 2023 and 2022, respectively. Games provided by two developer partners accounted for 38% 80% and 42% 80% in the three and six nine months ended June 30, 2022, September 30, 2023 and 2022, respectively.

End-User Incentive Programs

To drive traffic to the platform, the Company provides promotions and incentives to end-users in various forms. Evaluating whether a promotion or incentive is a payment to a customer may require significant judgment. Promotions and incentives which are consideration payable to a customer are recognized as a reduction of revenue at the later of when revenue is recognized or when the Company pays or promises to pay the incentive. Promotions and incentives recorded as sales and marketing expense are recognized when the related cost is incurred by the Company.

The Company's primary end-user incentive is Bonus Cash ("Bonus Cash"), which is a promotional incentive that cannot be withdrawn and can only be used by end-users to enter into paid-entry fee contests. Bonus Cash used as entry fees for paid competitions can include newly issued Bonus Cash and/or Bonus Cash that had been returned from prior winnings to an end-user. The Company recognizes the entire cost of Bonus Cash as a sales and marketing expense or a reduction of revenue (as

discussed below) only when the Bonus Cash is lost in a competition, as that is the point at which the Company incurs the cost of the Bonus Cash and when revenue is recognized from such Bonus Cash. When Bonus Cash used as entry fees for a paid competition is returned to an end-user as winnings, the Company does not record a sales and marketing expense or a reduction of revenue for such Bonus Cash. Further, if the Bonus Cash is returned to an end-user and is used to enter subsequent competitions and the end-user continues to win, the Company does not record any sales and marketing expense or a reduction of revenue each time the Bonus Cash is returned to the winning end-user.

- *Marketing promotions and discounts accounted for as a reduction of revenue.* These promotions are typically pricing actions in the form of discounts that reduce the end-user entry fees and are offered on behalf of the game developers. Although not required based on the Company's agreement with its developers, the Company considers that the game developers have a valid expectation that certain incentives will be offered to end-users. The determination of a valid expectation is based on the evaluation of all information reasonably available to the game developers regarding the Company's customary business practices, published policies and specific statements.

  An example of an incentive for which the game developer has a valid expectation is Ticketz, which are a virtual currency earned for every competition played based on the amount of the entry fee ("Ticketz"). Ticketz can be redeemed for prizes, including Bonus Cash prizes. Another example is initial deposit Bonus Cash which is a promotional incentive that can be earned in fixed amounts when an end-user makes an initial deposit on the Skillz platform. Bonus Cash can only be used by end-users to enter into future paid-entry fee competitions and cannot be withdrawn until it is won by another end-user.

(Amounts in tables are in thousands, unless otherwise noted)
(Unaudited, amounts in tables are in thousands, unless otherwise noted)

For the three months ended June 30, 2023 September 30, 2023 and 2022, the Company recognized a reduction of revenue of $7.2 million $6.7 million and $13.1 million $10.9 million, respectively, related to these end-user incentives. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, the Company recognized a reduction of revenue of $15.2 million $21.9 million and $29.5 million $40.4 million, respectively, related to these end-user incentives.

- *Marketing promotions accounted for as sales and marketing expense.* When the Company concludes that the game developers do not have a valid expectation that the incentive will be offered, the Company records the related cost as sales and marketing expense. The Company's assessment is based on an evaluation of all information reasonably available to the game developers regarding the Company's customary business practices, published policies and specific statements. These promotions are offered to end-users to draw, re-engage, or generally increase end-users' use of the Company's platform.

  An example of this type of incentive is limited-time Bonus Cash offers, which are targeted to specific end-users, typically those who deposit more frequently or have not made a deposit recently, via email or in-app promotions. The Company targets groups of end-users differently, offering specific promotions it thinks will best stimulate engagement. Similar to Bonus Cash earned from a redemption of Ticketz or an initial deposit, limited-time Bonus Cash can only be used by end-users to enter into future paid entry fee competitions and cannot be withdrawn by end-users. The Company also hosts engagement marketing leagues run over a period of days or weeks, which award league prizes in the form of cash or luxury goods to end-users with the most medals at the end of the league. End-users accumulate medals by winning Skillz enabled paid entry fee competitions. Skillz determines whether or not to run a league, what prizes should be awarded, over what time period the league should run, and to which end-users the prizes should be paid, all at its discretion. The league parameters vary from one league to the next and are not reasonably known to the game developers. League prizes in the form of cash can be withdrawn or used by end-users to enter into future paid-entry fee competitions.

  For the three months ended June 30, 2023 September 30, 2023 and 2022, the Company recognized sales and marketing expense of $15.8 million $15.5 million and $27.7 million $21.4 million, respectively, related to these end-user incentives. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, the Company recognized sales and marketing expense of $32.6 million $48.1 million and $65.8 million $87.2 million, respectively, related to these end-user incentives.

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From time to time, the Company issues credits or refunds to end-users that are unsatisfied by the level of service provided by the game developer. There is no contractual obligation for the Company to refund such end-users nor is there a valid expectation by the game developers for the Company to issue such credits or refunds to end-users on their behalf. The Company accounts for credits or refunds, which are not recoverable from the game developer, as sales and marketing expenses when incurred.

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Total engagement marketing accounted for as sales and marketing expense recognized in the three months ended June 30, 2023 September 30, 2023 and 2022 was $17.1 million $16.9 million and $31.4 million $23.5 million, respectively. Total engagement marketing accounted for as sales and marketing expense recognized in the six nine months ended June 30, 2023 September 30, 2023 and 2022 was $34.7 million $51.6 million and $74.1 million $97.6 million, respectively.

Cost of Revenue

Cost of revenue primarily comprises of third-party payment processing fees, server costs, amortization of developed technology, personnel expenses, direct software costs, amortization of internal use software, hosting expenses, and allocation of shared facility and other costs.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of cash, commercial paper, money market funds and U.S government agency securities with maturities of three months or less when purchased.

Restricted cash maintained under an agreement that legally restricts the use of such funds is not included within cash and cash equivalents and is reported within other long-term assets. Restricted For the nine months ended September 30, 2023, restricted cash of $3.2 $2.9 million mainly relates to the letter of credit for the Company's headquarters in San Francisco.

A reconciliation of the Company's cash and cash equivalents in the condensed consolidated balance sheets to cash, cash equivalents and restricted cash in the condensed consolidated statements of cash flows is as follows:

	June 30,	December 31,	September 30,	December 31,
	2023	2022	2023	2022
Cash and cash equivalents	$ 324,779	$ 362,516		

(Amounts in tables are in thousands, unless otherwise noted)
(Unaudited, amounts in tables are in thousands, unless otherwise noted)

Cash				Cash	$ 21,948	$ 130,068
Money market funds				Money market funds	308,210	232,448
Restricted cash included in other long-term assets	Restricted cash included in other long-term assets	3,176	2,920	Restricted cash included in other long-term assets	2,920	2,920
Cash, cash equivalents and restricted cash	Cash, cash equivalents and restricted cash	$ 327,955	$ 365,436	Cash, cash equivalents and restricted cash	$ 333,078	$ 365,436

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist of cash, cash equivalents, restricted cash, and marketable securities. Although the Company deposits its cash with multiple well-established financial institutions, the deposits, at times, may exceed federally insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents. Marketable securities primarily consist of corporate debt securities, asset backed securities and debt instruments issued by foreign governments. The Company limits the amount of credit exposure to any one issuer and monitors the financial condition of the financial institutions on a regular basis.

Accounts Receivable, Net

Accounts receivable, net, is comprised of trade accounts receivable recorded at the invoiced amounts for programmatic media campaigns, net of an allowance for credit losses. The allowance for credit losses is recorded as an offset to accounts receivable and changes in such are classified as general and administrative expense in the condensed consolidated statements of operations and comprehensive loss. The Company assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when there are specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Company considers historical collectability based on past due status and makes judgments about the creditworthiness of customers based on ongoing credit evaluations. The Company also considers customer-specific information, current market conditions and reasonable and

supportable forecasts of future economic conditions to inform adjustments to historical loss data. At June 30, 2023 September 30, 2023, the Company's allowance for credit losses on accounts receivable was not significant to the condensed consolidated financial statements.

Fair Value Measurement

The Company applies fair value accounting for financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the condensed consolidated financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 — Unobservable inputs reflecting management's estimate of assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Certain financial instruments, including debt, are not measured at fair value on a recurring basis in the consolidated balance sheets. The fair value of debt was estimated using primarily level 2 inputs, including quoted market prices or present value of future payments discounted by the market interest rates or the fixed rates based on current rates offered to the Company for debt with similar terms and maturities.

Long-Lived Assets

Long-lived assets consist of property and equipment with estimable useful lives subject to depreciation and amortization. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. When impairment indicators are identified, the Company assesses its long-lived assets for impairment. Recoverability of an asset or asset group to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of the asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset or asset group exceeds the fair value of the asset or asset group.

On March 15, 2023, the Company completed the purchase of an office building in Las Vegas, Nevada for $11.5 million, with $10.5 million and $1.0 million allocated to building and land components, respectively. The Company intends to use the

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building as the Company's future headquarters. The building will be depreciated on a straight-line basis over its estimated useful life of 39 years. The land is not subject to depreciation.

During the six nine months ended June 30, 2022 September 30, 2022, the Company recognized $8.1 $11.3 million of amortization expense associated with finite-lived intangible assets, including developed technology, customer relationships, trademarks and tradenames, in the condensed consolidated statements of operations and comprehensive loss. As these finite-lived intangible assets were fully impaired and written off as of December 31, 2022, the Company did not recognize amortization expense during the six nine months ended June 30, 2023 September 30, 2023.

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Investments

The Company considers all highly liquid interest-earning investments with a maturity of three months or less at the date of purchase to be cash equivalents. The fair values of these investments approximate their carrying values. In general, investments with original maturities of greater than three months and remaining maturities of less than one year are classified as short-term investments. Investments with maturities beyond one year are classified as non-current marketable securities. Dividend and interest income are recognized when earned.

Marketable securities are classified as available-for-sale and realized gains and losses are recorded using the specific identification method. Changes in fair value, excluding credit losses and impairments, are recorded in other comprehensive income (loss) in the consolidated statements of operations and comprehensive loss. Fair value is calculated based on publicly available market information or other estimates determined by management. If the cost of an investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, credit quality of debt instrument issuers, and the extent to which the fair value is less than cost. To determine credit losses, the Company employs a systematic methodology that considers available quantitative and qualitative evidence. In addition, the Company considers specific adverse conditions related to the financial health of, and business outlook for, the investee. If the Company plans to sell the security or it is more likely than not that the Company will be required to sell the security before recovery, then a decline in fair value below cost is recorded as an impairment charge in other income (expense), net in the condensed consolidated statements of operations and comprehensive loss and a new cost basis in the investment is established. If market, industry, and/or investee conditions deteriorate, the Company may incur future impairments.

The Company has elected to measure its existing investments in non-marketable equity securities at cost, less impairments, with remeasurements to fair value only upon the occurrence of observable price changes in orderly transactions for the identical or similar securities of the same issuer ("measurement alternative"). This election is reassessed each reporting period to determine whether non-marketable equity securities have a readily determinable fair value, in which case they would no longer be eligible for this election and would be measured at fair value. The Company evaluates its non-marketable equity securities for impairment at each reporting period based on a qualitative assessment that considers various potential impairment indicators. Impairment indicators might include, but would not necessarily be limited to, a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee, a significant adverse change in the regulatory, economic, or technological environment of the investee, a bona fide offer to purchase, an offer by the investee to sell, or a completed auction process for the same or similar securities for an amount less than the carrying amount of the investments in those securities. If an impairment exists, a loss is recognized in the condensed consolidated statements of operations and comprehensive loss for the amount by which the carrying value exceeds the fair value of the investment. Gains and losses resulting from the remeasurement of non-marketable equity securities, including impairment, are recorded through other income (expense), net in the condensed consolidated statements of operations and comprehensive loss. The Company separately presents investments in non-marketable equity securities within long-term assets on the condensed consolidated balance sheets.

Advertising and Promotional Expense

Advertising and promotional expenses are included in sales and marketing expenses within the condensed consolidated statements of operations and comprehensive loss and are expensed when incurred. Excluding marketing promotions related to the Company's end-user incentive programs, advertising expenses were $8.3 million $9.7 million and $30.4 million $18.8 million for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively, and $17.1 million $26.8 million and $90.6 million $109.4 million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively.

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Stock-Based Compensation

The Company measures and recognizes compensation expense for all stock-based awards based on estimated grant-date fair values recognized over the requisite service period. For awards that vest solely based on a service condition, the Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period. The compensation expense related to awards with performance conditions is recognized over the requisite service period when the performance conditions are probable of being achieved. The compensation expense related to awards with market conditions is recognized on an accelerated attribution basis over the requisite service period identified as the derived service period over which the market conditions are expected to be achieved and is not reversed if the market condition is not satisfied. See Note 9, Stock-

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Based Stock-Based Compensation, for more information. The Company accounts for forfeitures as they occur. If an employee stock-based award is canceled without the concurrent grant or offer of a replacement award, the cancellation is treated as a settlement for no consideration and any previously unrecognized compensation cost shall be recognized at the cancellation date. Stock-based awards granted to employees are primarily stock options and restricted stock units.

The Company has primarily granted restricted stock units ("RSUs"), which have a service-based (and in certain circumstances, performance-based) vesting condition over a four-year period, to its employees and members of the Board of Directors since the start of 2021. The Board of Directors determines the fair value of each share of underlying common stock based on the closing price of the Company's common stock on the date of the grant.

For awards with market conditions, the Company determines the grant date fair value utilizing a Monte Carlo valuation model, which incorporates various assumptions including expected stock price volatility, expected term, risk-free interest rates, expected date of a qualifying event, expected capital raise percentage and market capitalization milestones. Given the Company's limited market trading history, it has estimated the volatility of its common stock on the date of grant of awards with market conditions based on the weighted average historical stock price volatility of comparable publicly-traded companies in its industry group. The Company estimated the expected term of its awards with market conditions based on various exercise scenarios, as these awards are not considered "plain vanilla." The Company utilized a risk-free interest rate based on the U.S. Treasury yield curve in effect at the time of grant. The Company estimated the expected date of a qualifying event, the expected capital raise percentage and the expected achievement date of market capitalization milestones based on management's expectations at the time of measurement of the award's value.

Segments

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company continued to operate as a single operating and reportable segment as the CODM reviews financial information presented on a consolidated basis for the purposes of making operating decisions, allocation of resources, and evaluating financial performance.

Recently Issued Accounting Pronouncements adopted

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with Customers, instead of fair value at the acquisition date in accordance with Topic 805. The amendments in ASU 2021-08 will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC Topic 606. The amendments in ASU 2021-08 are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company adopted this guidance effective January 1, 2023 and it did not have an impact on the Company's financial position, results of operations including per-share amounts, or cash flow statements.

Other recent accounting pronouncement issued, not yet effective, are not expected to be applicable to the Company or have a material effect on the consolidated statements upon future adoption.

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(Unaudited, amounts in tables are in thousands, unless otherwise noted)

3. Previously Issued Financial Statements Correction of Immaterial Errors

During the preparation of the condensed consolidated financial statements for the period ended September, 30,2023, the Company identified certain immaterial errors related to $4.0M stock compensation expenses and $1.3M accrued expenses for the three and six-month ended June 30, 2023, which resulted in a net overstatement of operating expenses for the period.

In accordance with Staff Accounting Bulletin No. 99, "*Materiality*," the Company evaluated the misstatements and determined that the related impact was immaterial to the Company's financial statements for the period ended June 30, 2023. Accordingly, the effect of correcting the immaterial errors in the condensed consolidated financial statements as applicable for the period ended June 30, 2023 is shown in the following table:

Condensed Consolidated Balance Sheets

	As of June 30, 2023		
	As Previously Reported	Adjustment	As Adjusted
Prepaid expenses and other current assets	$ 6,038	$ (48)	$ 5,990
Other current liabilities	$ 58,339	$ (1,306)	$ 57,033
Additional paid-in capital	$ 1,178,290	$ (4,019)	$ 1,174,271
Accumulated deficit	$ (930,688)	$ 5,277	$ (925,411)
Total stockholders' equity	$ 247,471	$ 1,258	$ 248,729

Condensed Consolidated Statements of Operations and Comprehensive Loss

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	As Previously Reported	Adjustment	As Adjusted	As Previously Reported	Adjustment	As Adjusted
Research and development	$ 8,966	$ (941)	$ 8,025	$ 17,847	$ (941)	$ 16,906
Sales and marketing	$ 33,085	$ (416)	$ 32,669	$ 68,003	$ (416)	$ 67,587
General and administrative	$ 30,098	$ (4,024)	$ 26,074	$ 58,168	$ (4,024)	$ 54,144
Income (loss) before income taxes	$ (21,977)	$ 5,381	$ (16,596)	$ (57,502)	$ 5,381	$ (52,121)
Provision for income taxes	$ 10	$ 104	$ 114	$ 79	$ 104	$ 183
Net income (loss)	$ (21,987)	$ 5,277	$ (16,710)	$ (57,581)	$ 5,277	$ (52,304)

	Three Months Ended June 30, 2023		Six Months Ended June 30, 2023	
	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted
Numerator:				
Net loss – basic and diluted	$ (21,987)	$ (16,710)	$ (57,581)	$ (52,304)
Denominator:				
Weighted average common shares outstanding – basic and diluted	20,990,780	21,143,257	20,939,723	21,109,886
Net loss per share attributable to common stockholders – basic and diluted	$ (1.05)	$ (0.79)	$ (2.75)	$ (2.48)

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4. Spin-Off Transaction

On August 31, 2023, in order to more directly incentivize the key employees of the Company's subsidiary, Aarki, Inc. ("Aarki"), the Company made the determination to allow certain key employees of Aarki to receive equity awards in Aarki. On a fully diluted basis, the awards would represent approximately 20% of the ownership of Aarki. As of September 30, 2023 and November 8, 2023, no awards have been granted in connection with the foregoing and the Company continues to consolidate Aarki in its consolidated financial statements. In connection with the spin-off transaction, the Company is also investing $5,000,000 in the form of Series A Preferred Stock of Aarki to properly allocate working capital to the business. The Company does not intend to grant any future Skillz equity awards to any Aarki employees, and all unvested Skillz equity awards have been surrendered by Aarki employees. The Company recognized $3.3 million of stock compensation expense in connection with acceleration of these awards.

(Unaudited, amounts in tables are in thousands, unless otherwise noted)

In connection with the foregoing, Aarki is also being designated as an unrestricted subsidiary under the indenture governing the Company's 10.250% Secured Notes due 2026.

5. Balance Sheet Components

Note Receivable

Note receivable included in other long-term assets on the consolidated balance sheets consisted of the following as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Note receivable	$ 2,000	$ —
Note receivable	$ 2,000	$ —

On July 7, 2023, the Company entered into a Loan and Security Agreement (together, the "Credit Agreement") whereby it would lend approximately $2 million to Big Run Studio. The designated rate on the credit facility is 11.5%, with interest for the first six months being paid, at Big Run's option each month, (1) in cash or (2) in-kind and compounded monthly to the principal. The interest-only period may be extended by six months upon mutual written agreement between Big Run and Skillz. After the interest-only period, principal and interest shall be payable monthly in equal installments. The default rate is 16.5% per annum. Late charges will be assessed at 5% of the payment amount overdue if not paid within five business days of its due date. The credit facility will mature on June 1, 2025, subject to applicable permitted prepayments; provided that upon the occurrence of a six-month extension of the interest-only period, the maturity shall also be extended by six additional months to December 1, 2025.

For the nine months ended September 30, 2023, the company recognized $0.1 million of interest income.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following as of June 30, 2023 September 30, 2023 and December 31, 2022:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Credit card processing reserve	Credit card processing reserve	$ 1,000	$ 1,000	Credit card processing reserve	$ 1,000	$ 1,000
Prepaid expenses	Prepaid expenses	3,896	2,234	Prepaid expenses	4,483	2,234
Other current assets	Other current assets	1,142	1,488	Other current assets	792	1,488
Prepaid expenses and other current assets	Prepaid expenses and other current assets	$ 6,038	$ 4,722	Prepaid expenses and other current assets	$ 6,275	$ 4,722

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Property, Plant and Equipment, Net

Property, plant and equipment consisted of the following as of June 30, 2023 September 30, 2023 and December 31, 2022:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Land	Land	$ 980	$ —	Land	$ 980	$ —
Building	Building	10,541	—	Building	10,541	—
Capitalized internal-use software	Capitalized internal-use software	9,126	9,126	Capitalized internal-use software	9,126	9,126
Computer equipment and servers	Computer equipment and servers	1,392	1,291	Computer equipment and servers	1,424	1,291

Furniture and fixtures	Furniture and fixtures	278	278	Furniture and fixtures	278	278
Leasehold improvements	Leasehold improvements	114	114	Leasehold improvements	115	114
Construction in progress				Construction in progress	945	—
Finance lease right-of-use assets	Finance lease right-of-use assets	17	10	Finance lease right-of-use assets	—	10
Total property, plant and equipment	Total property, plant and equipment	22,448	10,819	Total property, plant and equipment	23,409	10,819
Less: Accumulated Depreciation	Less: Accumulated Depreciation	9,011	7,828	Less: Accumulated Depreciation	9,597	7,828
Property, plant and equipment, net	Property, plant and equipment, net	$ 13,437	$ 2,991	Property, plant and equipment, net	$ 13,812	$ 2,991

Other Current Liabilities

Other current liabilities consisted of the following as of June 30, 2023 September 30, 2023 and December 31, 2022:

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Accrued sales and marketing expenses	Accrued sales and marketing expenses	$ 2,090	$ 4,409	Accrued sales and marketing expenses	$ 3,728	$ 4,409
Accrued compensation	Accrued compensation	7,472	4,991	Accrued compensation	8,374	4,991
Accrued publisher fees	Accrued publisher fees	3,235	4,442	Accrued publisher fees	2,437	4,442
End-user liability, net	End-user liability, net	6,791	8,984	End-user liability, net	6,163	8,984
Accrued developer revenue share	Accrued developer revenue share	1,391	2,017	Accrued developer revenue share	1,639	2,017
Short-term lease obligation	Short-term lease obligation	1,425	1,525	Short-term lease obligation	890	1,525
Accrued legal expenses	Accrued legal expenses	14,291	1,984	Accrued legal expenses	5,249	1,984
Contingent liabilities				Contingent liabilities	7,109	—
Accrued interest expense	Accrued interest expense	554	1,236	Accrued interest expense	3,877	1,236
Indirect tax liabilities	Indirect tax liabilities	11,446	10,909	Indirect tax liabilities	11,908	10,909
Other accrued expenses	Other accrued expenses	9,644	5,169	Other accrued expenses	9,560	5,169
Other current liabilities	Other current liabilities	$ 58,339	$ 45,666	Other current liabilities	$ 60,934	$ 45,666

The increase in accrued legal expense was driven by the reclassification of accrued litigation expense from long term liabilities to other current liabilities in the first quarter of 2023, based on anticipated resolution date update.

4. 6. Fair Value Measurements

As of June 30, 2023 September 30, 2023 and December 31, 2022, the recorded values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate their respective fair values due to the short-term nature of the instruments.

Cash and cash equivalents held by the Company as of June 30, 2023 September 30, 2023 and December 31, 2022 were $324.8 million $330.2 million and $362.5 million, respectively, and were comprised of cash on hand, money market funds, and highly liquid investments with original contractual maturity dates of three months or less. Cash and money market funds are classified within Level 1 of the fair value hierarchy. Highly liquid investments such as commercial papers and corporate bonds are classified within Level 2 of the fair value hierarchy.

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fair value hierarchy. Highly liquid investments such as commercial papers and corporate bonds are classified within Level 2 of the fair value hierarchy.

The following table presents the Company’s assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2023 September 30, 2023 and December 31, 2022:

		As of June 30, 2023					As of September 30, 2023			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Assets:	**Assets:**					**Assets:**				
Available-for-Sale Investments										
Cash Equivalents:						Cash Equivalents:				
Money market funds						Money market funds	$ 308,210	$ —	$ —	308,210
Available-for-Sale Investments:						Available-for-Sale Investments:				
Asset-backed securities	Asset-backed securities	$ —	$ 6,136	$ —	$ 6,136	Asset-backed securities	$ —	$ 2,058	$ —	$ 2,058
Corporate notes and bonds	Corporate notes and bonds	—	27,280	—	27,280	Corporate notes and bonds	—	4,800	—	4,800
Total assets	Total assets	$ —	$ 33,416	$ —	$ 33,416	Total assets	$ 308,210	$ 6,858	$ —	$ 315,068
Liabilities:	**Liabilities:**					**Liabilities:**				
Common Stock Warrants										
Private Common Stock Warrants	Private Common Stock Warrants	$ —	$ —	$ 138	$ 138	Private Common Stock Warrants	$ —	$ —	$ 11	$ 11
Total liabilities	Total liabilities	$ —	$ —	$ 138	$ 138	Total liabilities	$ —	$ —	$ 11	$ 11

		As of December 31, 2022					As of December 31, 2022			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Assets:	**Assets:**					**Assets:**				
Available-for-Sale Investments										
Cash Equivalents:						Cash Equivalents:				
Money market funds						Money market funds	$ 232,448	$ —	$ —	$ 232,448
Available-for-Sale Investments:						Available-for-Sale Investments:				
Asset-backed securities	Asset-backed securities	$ —	$ 58,192	$ —	$ 58,192	Asset-backed securities	$ —	$ 58,192	$ —	$ 58,192
Corporate notes and bonds	Corporate notes and bonds	—	110,298	—	110,298	Corporate notes and bonds	—	110,298	—	110,298

Commercial paper	Commercial paper	—	10,479	—	10,479	Commercial paper	—	10,479	—	10,479
Foreign government securities	Foreign government securities	—	5,027	—	5,027	Foreign government securities	—	5,027	—	5,027
US government and agency securities	US government and agency securities	86,898	—	—	86,898	US government and agency securities	86,898	—	—	86,898
Total assets	Total assets	$ 86,898	$ 183,996	$ —	$ 270,894	Total assets	$ 319,346	$ 183,996	$ —	$ 503,342
Liabilities:	**Liabilities:**					**Liabilities:**				
Common Stock Warrants										
Private Common Stock Warrants	Private Common Stock Warrants	$ —	$ —	$ 289	$ 289	Private Common Stock Warrants	$ —	$ —	$ 289	$ 289
Total liabilities	Total liabilities	$ —	$ —	$ 289	$ 289	Total liabilities	$ —	$ —	$ 289	$ 289

Available-for-Sale Investments

Available-for-sale investments were classified within Level 1 or Level 2 because the Company's use quoted market prices or alternative pricing sources and models utilizing market observable inputs to determine their fair value. The market values of Level 2 investments are determined based on observable inputs for the securities other than quoted prices, such as interest rates, yield curves, and credit spreads, or quoted prices for identical or similar securities in markets that are not considered active. There were no transfers between levels during the periods presented.

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Private Common Stock Warrants

The Private Warrants were classified within Level 3 as they were valued based on a Black-Scholes pricing model, which involved the use of certain unobservable inputs, such as expected volatility estimated based on the average historical stock price volatility of comparable companies.

The following sets forth the activity for Private Warrants:

	Private Warrants
Balance at December 31, 2022	$ 289
Fair market value adjustment	(151) (278)
Balance at June 30, 2023 September 30, 2023	$ 138 11

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5. 7. Investments

Investment Components

The components of investments were as follows:

		As of June 30, 2023								As of September 30, 2023					
		Adjusted Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities - Current	Marketable Securities - Non-current		Adjusted Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketa Securitie Curren
Asset-backed securities	Asset-backed securities	$ 6,186	$ —	$ (50)	$ 6,136	$ —	$ 39	$ 6,097	Asset-backed securities	$ 2,079	$ —	$ (21)	$ 2,058	$ —	$

(Unaudited, amounts in tables are in thousands, unless otherwise noted)

Corporate notes and bonds	Corporate notes and bonds	27,402	—	(122)	27,280	—	27,280	—	Corporate notes and bonds	4,816	—	(16)	4,800	—	4,80
Money market funds	Money market funds	285,499	—	—	285,499	285,499	—	—	Money market funds	308,210	—	—	308,210	308,210	-
Total investments	Total investments	$319,087	$ —	$ (172)	$318,915	$ 285,499	$ 27,319	$ 6,097	Total investments	$315,105	$ —	$ (37)	$315,068	$ 308,210	$ 4,80

	As of December 31, 2022						
	Adjusted Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities - Current	Marketable Securities - Non-current
Asset-backed securities	$ 58,455	$ 1	$ (264)	$ 58,192	$ —	$ 1,464	$ 56,728
Corporate notes and bonds	111,592	—	(1,294)	110,298	—	110,298	—
Commercial paper	10,477	2	—	10,479	—	10,479	—
Money market funds	232,448	—	—	232,448	232,448	—	
Foreign government securities	5,064	—	(37)	5,027	—	5,027	—
US government and agency securities	86,869	29	—	86,898	86,898	—	—
Total investments	$ 504,905	$ 32	$ (1,595)	$ 503,342	$ 319,346	$ 127,268	$ 56,728

Non-marketable equity securities are investments in privately held companies without readily determinable fair values. The carrying value of the Company's investments without readily determinable fair values was $55.6 million as of June 30, 2023September 30, 2023 and December 31, 2022 and was classified within "non-marketable equity securities" in the condensed consolidated balance sheets. The Company did not record any adjustments to the carrying value of its non-marketable equity securities accounted for under the measurement alternative and did not recognize any gains or losses related to the sale of non-marketable equity securities in the sixnine months ended June 30, 2023September 30, 2023.

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Unrealized Losses on Marketable Securities

Marketable securities with continuous unrealized losses for less than 12 months and 12 months or more and their related fair values were as follows:

		As of June 30, 2023							As of September 30, 2023					
		Less than 12 Months		12 Months or more		Total			Less than 12 Months		12 Months or more		Total	
		Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses		Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Asset-backed securities	Asset-backed securities	$ 1,292	$ (2)	$ 4,376	$ (48)	$ 5,668	$ (50)	Asset-backed securities	$ —	$ —	$ 2,058	$ (21)	$ 2,058	$ (21)
Corporate notes and bonds	Corporate notes and bonds	—	—	27,280	(122)	27,280	(122)	Corporate notes and bonds	—	—	4,800	(16)	4,800	(16)
Total investments	Total investments	$ 1,292	$ (2)	$ 31,656	$ (170)	$ 32,948	$ (172)	Total investments	$ —	$ —	$ 6,858	$ (37)	$ 6,858	$ (37)

	As of December 31, 2022					
	Less than 12 Months		12 Months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Asset-backed securities	$ 52,412	$ (229)	$ 4,656	$ (35)	$ 57,068	$ (264)
Corporate notes and bonds	55,864	(571)	54,434	(723)	110,298	(1,294)
Foreign government securities	—	—	5,027	(37)	5,027	(37)

(Unaudited, amounts in tables are in thousands, unless otherwise noted)

Total investments	$ 108,276	$ (800)	$ 64,117	$ (795)	$ 172,393	$ (1,595)

Marketable Securities Maturities

		Adjusted Cost Basis	Estimated Fair Value		Adjusted Cost Basis	Estimated Fair Value
June 30, 2023						
September 30, 2023				**September 30, 2023**		
Due in one year or less	Due in one year or less	$ 27,442	$ 27,319	Due in one year or less	$ 4,816	$ 4,800
Due after one year through five years	Due after one year through five years	6,146	6,097	Due after one year through five years	2,079	2,058
Due after five years through ten years	Due after five years through ten years	—	—	Due after five years through ten years	—	—
Total	Total	$ 33,588	$ 33,416	Total	$ 6,895	$ 6,858

6. 8. Long-Term Debt

Components of long-term debt were as follows as of June 30, 2023 September 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
2021 Senior Secured Notes, non-current	$ 129,671	$ 289,500
Unamortized discount and issuance costs	(6,523)	(16,719)
Long-term debt, non-current	$ 123,148	$ 272,781

Open Market Debt Repurchases

During the six months ended June 30, 2023, the Company's repurchased approximately $159.8 million of its senior secured notes. In connection with the repurchase, the Company's recognized a gain on extinguishment of $15.2 million on the consolidated statements of operations. The gain primarily reflected the payment discounts as the notes were redeemed for total consideration below the notes par value of the notes as well as the write-off of unamortized debt issuance costs and discounts. The Company's recognized the gain on debt extinguishment of $15.2 million adjusted for the non-cash write-off of unamortized

discounts of $6.2 million and unamortized debt issuance costs of $2.6 million on the condensed consolidated statements of cash flows for the six months ended June 30, 2023.

	September 30, 2023	December 31, 2022
2021 Senior Secured Notes, non-current	$ 129,671	$ 289,500
Unamortized discount and issuance costs	(6,136)	(16,719)
Long-term debt, non-current	$ 123,535	$ 272,781

2021 Senior Secured Notes

In December 2021, the Company entered into a $300 million of 10.25% secured notes in a private placement to certain institutional buyers. The interest is payable semiannually on June 15 and December 15 of each year, beginning on June 15, 2022. At issuance, the effective interest rate on the notes was 12.14%. The notes will mature on December 15, 2026, unless repurchased or redeemed earlier. On September 1, 2022, the Company repurchased $10.5 million of the principal amount of the 2021 Senior Secured Notes at 69.5% for $7.3 million plus accrued interest of $0.2 million. This resulted in a gain on extinguishment of debt of $2.6 million as the notes were redeemed for total consideration below par value of the notes as well as the write-off of unamortized debt issuance costs and discounts. On April 13, 2023, the Company's repurchased approximately $159.8 million of its senior secured notes. In connection with the repurchase, the Company's recognized a gain on extinguishment of $15.2 million on the consolidated statements of operations. The gain primarily reflected the payment discounts as the notes were redeemed for total consideration below the notes par value of the notes as well as the write-off of unamortized debt issuance costs and discounts. After giving effect to the 2022 and the 2023 open market repurchases, as of June 30, 2023 September 30, 2023, $129.7 million of the senior secured notes remained outstanding and the effective interest rate is 12.09%. The secured notes contain customary covenants restricting the Company's ability to incur debt, incur liens, make distributions to stockholders, make certain transactions with our affiliates, as well as certain other financial covenants. Aarki, Inc. "Aarki" incorporated as a separate legal entity effective September 1, 2023 through a spinoff transaction and was designated as an unrestricted subsidiary under the indenture governing by this secured notes. The Company was in compliance with all covenants as of June 30, 2023 September 30, 2023.

In accounting for the senior secured notes, unamortized discount and issuance costs were deducted from the carrying value in the condensed consolidated balance sheets. Issuance costs was recognized as interest expense over the five-year term of the senior secured notes. The senior secured notes are classified as Level 2 financial instruments, and its fair value is presented for disclosure purposes only. The Company determined the fair value of the notes was $105.7 million as of June 30, 2023 September 30, 2023 based on secondary market quotes.

Interest is paid semi-annually. Accrued interest as of June 30, 2023 September 30, 2023 was $0.6 $3.9 million and was recorded within other current liabilities in the Company's condensed consolidated balance sheets. $12.1 million cash was paid for interest in the quarter ended June 30, 2023.

The following table outlines maturities of the principle related to the Company's long-term debt as of June 30, 2023 September 30, 2023:

			Amount			Amount
2023 (excluding the six months ended June 30, 2023)		$	—			
2023 (excluding the nine months ended September 30, 2023)				2023 (excluding the nine months ended September 30, 2023)	$	—
2024	2024		—	2024		—
2025	2025		—	2025		—
2026	2026		129,671	2026		129,671
Total	Total	$	129,671	Total	$	129,671

7. 9. Commitments and Contingencies

Legal Matters

The Company is a party to certain claims, suits, and proceedings which arise in the ordinary course and conduct of its business and has certain unresolved claims pending, the outcomes of which are not determinable at this time. The Company records a liability when it believes that it is probable that a loss will be incurred and the amount can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be reasonably estimated, the Company discloses the possible loss or range of loss. In the Company's opinion, resolution of pending matters, other than as disclosed herein, is not expected to have a material adverse impact on the results of operations, cash flows, or the Company's financial position, as of June 30, 2023 September 30, 2023. Given the unpredictable nature of legal proceedings, there is a reasonable possibility that an unfavorable resolution of one or more such proceedings could in the future materially affect the results of operations, cash flows, or financial position in a particular period. However, based on the information known by the Company, except as set forth herein, any such amount is either immaterial or it is not possible to provide an estimated range of any such possible loss.

On May 15, 2019, a former employee of the Company filed a suit against the Company in the San Francisco Superior Court in California for claims including breach of contract, retaliation and wrongful termination. The case was tried in August and September 2021. The jury found in favor of the former employee and rendered a verdict against the Company for $11.6 million in compensatory damages, and the Company recorded a loss contingency accrual of $7.1 million and corresponding general and administrative expenses in such amount in the third quarter of 2021. In April 2022, the judge in the case

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determined, in light of the Company's post-verdict motions, that the instructions given to the jury at trial were defective. Accordingly, the judge ordered a new trial on damages or, alternatively, permitted the plaintiff accept a reduced verdict in the amount of $4.35 million,$4.35 million, which the plaintiff subsequently levied from the Company's bank account. On May 25, 2022, the Company filed an appeal from the judgment seeking, in part, entry of judgment in the Company's favor notwithstanding the verdict. The plaintiff accepted the reduced verdict, and filed an appeal from the judgment on June 7, 2022, seeking in part, to reinstate the jury's original verdict (or an award less than the original verdict but greater than $4.35 million final judgment) and

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challenge the trial court's conclusion that stock options are not "wages," which was the basis for dismissing his wrongful termination and retaliation claims. Skillz filed its response and reply brief on July 7, 2023. After multiple extensions, the former employee filed a reply brief on October 6, 2023, which was limited to only his cross-appeal and did not raise any new request for relief. Management believes the most likely outcome is that this will go back to trial which dispute will be resolved during by the calendar year 2024. end of 2024 calendar year.

8. 10. Stockholders' Equity

Common Stock

The Company's amended and restated certificate of incorporation authorizes the issuance of Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to 20 votes per share. Shares of Class B common stock are convertible into an equivalent number of shares of Class A common stock and generally convert into shares of Class A common stock upon transfer. Any dividends paid to the holders of Class A common stock and Class B common stock will be paid on a pro rata basis. On a liquidation event, any distribution to common stockholders is made on a pro rata basis to the holders of the Class A common stock and Class B common stock.

As of June 30, 2023 September 30, 2023, after giving effect to the reverse stock split described below, the Company has authorized a total of 41 million shares, consisting of (i) 31 million shares of common stock, par value $0.0001 per share ("common stock"), including 25 million shares of Class A common stock, par value $0.0001 per share ("Class A common stock"), 6 million shares of Class B common stock, par value $0.0001 per share ("Class B common stock"), and (ii) 10 million shares of preferred stock, par value 0.0001 per share ("preferred stock").

Reverse Stock Split

On June 23, 2023, the Company's effectuated the one-for twenty reverse stock split of its issued and outstanding shares of Common Stock. As a result of the reverse stock split, every 20 shares of issued and outstanding Common Stock were combined and converted into one issued and outstanding share of Common Stock, and the number of authorized shares of Common Stock was reduced proportionately. The par value per share of Common Stock remains unchanged. The Company's Class A Common Stock began trading on a split-adjusted basis on the NYSE at market open on June 26, 2023. All share and per-share amounts have been retrospectively adjusted to reflect the impact of the reverse stock split.

9. 11. Stock-Based Compensation

The following table summarizes stock-based compensation expense recognized for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Research and development	Research and development	$ 545	$ 2,863	$ 1,751	$ 5,151	Research and development	$ 1,415	$ (2,088)	$ 3,581	$ 3,063
Sales and marketing	Sales and marketing	2,509	1,561	4,413	4,454	Sales and marketing	2,482	2,125	6,478	6,579
General and administrative	General and administrative	11,590	9,007	19,028	81,705	General and administrative	8,543	6,021	23,551	87,726
Total stock-based compensation expense (1)	Total stock-based compensation expense (1)	$ 14,644	$ 13,431	$ 25,192	$ 91,310	Total stock-based compensation expense (1)	$ 12,440	$ 6,058	$ 33,610	$ 97,368

Equity Incentive Plans

Skillz Inc. 2020 Omnibus Incentive Plan

In December 2020, the Board of Directors of the Company adopted the Skillz Inc. 2020 Omnibus Incentive Plan (the "2020 Plan"). The 2020 Plan became effective upon consummation of the Flying Eagle Acquisition Corporation, a Delaware

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corporation ("FEAC") business combination and succeeds the Company's legacy equity incentive plans. Under the 2020 Plan, the Company may grant stock-based awards to purchase or directly issue shares of common stock to employees, directors and consultants. Options are granted at a price per share equal to the fair market value of the underlying common stock at the date of grant. Options granted are exercisable over a maximum term of 10 years from the date of grant. RSUs are also granted under

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the 2020 Plan. These awards typically have a cliff vesting period of one year and continue to vest quarterly thereafter. The 2020 Plan also permits the Company to grant stock-based awards with performance or market conditions. In connection with the closing of the FEAC business combination, the Company entered into certain option agreements that include vesting conditions contingent upon the attainment of volume weighted average price targets related to the Company's Class A common stock on the NYSE.

The 2020 Plan permits the Company to deliver up to 5,392,022 shares of common stock pursuant to awards issued under the 2020 Plan, consisting of 750,000 shares which may be of Class A and/or Class B common stock, 3,694,871 shares of Class A common stock and 947,151 shares of Class B common stock. The total number of shares of Class A common stock and Class B common stock that will be reserved and that may be issued under the 2020 Plan will automatically increase on the first trading day of each calendar year, beginning with calendar year 2021, by a number of shares equal to 5% of the total number of shares of Class A common stock and Class B common stock, respectively, outstanding on the last day of the prior calendar year.

Stock Options and Restricted Stock Units

Stock option and RSU activity during the six nine months ended June 30, 2023 September 30, 2023 is as follows (in thousands, except for share, per share, and contractual term data):

		Options Outstanding				Restricted Stock Units	
	Number of Shares Available for Issuance Under the Plan	Number of Shares Outstanding Under the Plan	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value	Number of Plan shares outstanding	Weighted-Average Grant Date Fair Value per share
Balance at December 31, 2022	1,422,876	812,293	$ 263.00	7.27	$ 1,145	2,505,328	$ 24.60
Additional shares authorized	1,053,433	—	—				
Options and restricted stock units granted	(488,880)	—	—			488,880	11.59
Options exercised and restricted stock units released	—	(7,953)	7.11			(93,442)	65.78
Options and restricted stock units canceled	207,713	(7,852)	29.91			(199,861)	36.04
Balance at June 30, 2023	2,195,142	796,488	$ 267.86	6.78	$ 938	2,700,905	$ 20.03
Exercisable at June 30, 2023		190,912	5.63	4.63	933		
Unvested at June 30, 2023		605,564	350.53	7.45	6		

		Options Outstanding				Restricted Stock Units	
	Number of Shares Available for Issuance Under the Plan	Number of Shares Outstanding Under the Plan	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value	Number of Plan shares outstanding	Weighted-Average Grant Date Fair Value per share
Balance at December 31, 2022	1,422,876	812,293	$ 263.00	7.27	$ 1,145	2,505,328	$ 24.60
Additional shares authorized	1,053,433	—	—				
Granted	(1,089,831)	—	—			1,089,831	11.13
Exercised/Vested	—	(95,911)	1.53			(292,505)	38.01
Cancelled/Forfeited/Expired	625,955	(11,067)	27.68			(614,888)	28.12
Balance at September 30, 2023	2,012,433	705,315	$ 302.25	7.14	$ 68	2,687,766	$ 14.69
Exercisable at September 30, 2023		101,001	9.24	5.23	67		
Unvested at September 30, 2023		604,314	351.22	7.46	1		

The number of RSUs granted and outstanding does not include 1.0 million 0.8 million performance-based RSUs which the Company issued as of June 30, 2023 September 30, 2023, as the performance-based RSUs are not deemed granted for accounting purposes because the performance-based RSUs are subjected to the further approval on the performance criteria. Additionally, the stock option and RSU activity presented in the table above does not include activity related to the 2022 CFO Restricted Stock Unit and Performance award, 2022 CEO Restricted Stock Unit and Performance Award, 2021 CEO Performance Award and Founders' Option Agreements, described below.

As of June 30, 2023 September 30, 2023, unrecognized stock-based compensation expense related to unvested stock options, restricted common stock, RSUs, performance-based RSUs and performance stock units was $81.6 $78.7 million. The weighted-average period over which such compensation expense will be recognized is 2.7 2.75 years.

The aggregate intrinsic value of options exercised was $0.78 million and $0.7 million during the three months ended September 30, 2023 and 2022, respectively, and $0.82 million and $15.9 million during the nine months ended September 30, 2023 and 2022, respectively.

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The aggregate intrinsic value of options exercised was $0.02 million and $13.0 million during the three months ended June 30, 2023 and 2022, respectively, and $0.04 million and $15.2 million during the six months ended June 30, 2023 and 2021,respectively.

2022 CFO Restricted Stock Unit and Performance Award

The Company granted the Company's President and Chief Financial Officer ("CFO") a restricted stock unit award covering shares of the Class A common stock with a grant date value equal to $15.0 million, comprised of 0.5 million restricted stock units. Such grant vests 25% on the first anniversary of CFO's start date and the remainder vests in 12 substantially equal quarterly installments, in each case subject to continuous service with the Company through each applicable vesting date, provided that the grant vests in full if the CFO is terminated without cause following a change of control of the Company. On September 30, 2022, the number of shares became fixed, as such the restricted stock unit award was re-measured based on the fair value of an underlying share of the Class A common stock, which was equal to $10.7 million, and the Company then reclassified the liability classified award to additional paid-in capital. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company recognized $0.6 $0.7 million and $1.3 $2.0 million, respectively, in compensation expense related to this grant. As of June 30, 2023 September 30, 2023, the unrecognized stock-based compensation cost related to the non-vested CFO restricted stock unit award was $8.2 $7.6 million. The Company expects this cost to be recognized over a remaining weighted-average period of approximately 3.25 3 years.

In addition, the Company issued to the CFO a performance stock unit award covering shares of the Class A common stock with a fair value of $5.0 million as of the issuance date, comprised of 0.2 million performance stock units. Such award vests over four one-year periods, with pro-rata vesting for the first and last performance periods, in each case subject to continuous service with the Company through each applicable vesting date and the attainment of certain corporate performance goals. The Company did not award any performance stock units for the year ended 2022. As of June 30, 2023 September 30, 2023, the award was not considered granted for accounting purposes because the performance-based units are subjected to the further approval on the performance criteria, the unrecognized stock-based compensation cost for this CFO performance stock unit award was $4.5 million. criteria.

2022 CEO Restricted Stock Unit and Performance Award

The Company granted the Company's Chief Executive Officer ("CEO") a restricted stock unit award covering shares of the Class A common stock with a grant date value equal to $25.9 million, comprised of 1.4 million restricted stock units. Such grant vests 25% on the first anniversary of January 1, 2023 and the remainder vests in 12 substantially equal quarterly installments, in each case subject to continuous service with the Company through each applicable vesting date, provided that the grant vests in full if the CEO is terminated without cause following a change of control of the Company. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company recognized $0.9 million and $1.8 $2.7 million, respectively, in compensation expense related to this grant. As of June 30, 2023 September 30, 2023, the unrecognized stock-based compensation cost related to the non-vested CEO restricted stock unit award was $12.5 $11.5 million. The Company expects this cost to be recognized over a remaining weighted-average period of approximately 3.49 3.23 years.

In addition, the Company issued to the CEO a performance stock unit award covering shares of the Class A common stock with a fair value of $8.6 million as of the issuance date, comprised of 0.5 million performance stock units. Such award vests over four one-year periods, in each case subject to continuous service with the Company through each applicable vesting date and the attainment of certain corporate performance goals. The Company did not award any performance stock units for the year ended 2022. As of June 30, 2023 September 30, 2023, the award was not considered granted for accounting purposes because the performance-based units are subjected to the further approval on the performance criteria, the unrecognized stock-based compensation cost for this CEO performance stock unit award was $6.5 million.criteria.

2021 CEO Performance Award

In September 2021, the Company granted the CEO, an award of up to 0.8 million performance stock units (the "CEO Performance Award") under the Company's 2020 Plan, pursuant to which the CEO may earn one share of the Class A common stock for each performance stock unit that vests based on the achievement of certain Market Capitalization Milestones (as defined in the award agreement for the CEO Performance Award). The performance stock units were divided into four tranches, with each tranche corresponding to a Market Capitalization Milestone ranging from two to five times the Company's market capitalization baseline. Each tranche vested if and when the Company's market capitalization equals or exceeds the

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(Unaudited, amounts in tables are in thousands, unless otherwise noted)

corresponding Market Capitalization Milestone at any point during the seven-year performance period following the grant date (the “Performance Period”). For purposes of determining achievement of the Market Capitalization Milestones, the Company’s market capitalization was calculated based on the trailing 60-trading day volume weighted average price per share (“VWAP”) of the Company’s Class A common stock and the average number of outstanding shares during such period. The Company’s

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market capitalization baseline was calculated using the trailing 30-trading day VWAP of the Company’s Class A common stock on the grant date and the average number of outstanding shares during such period.

The $70.8 million grant date fair value of the CEO Performance Award was estimated using a model based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that the market condition targets may not be satisfied.

On March 14, 2022 (“cancellation date”), the Board of Directors and the CEO, entered into an agreement to cancel this CEO Performance Award. The Company determined that the cancellation of the CEO Performance Award was a settlement for no consideration and not accompanied by a concurrent grant (or offer to grant) of a replacement award. As a result, the Company recorded the remaining unrecognized compensation costs related to the CEO Performance Award of $65.1 million during three months ended March 31, 2022.

Founders’ Option Agreements

In December 2020, the Company entered into option agreements with each of the CEO and Chief Strategy Officer (“CSO”) (the “Option Agreements”) awarding options to purchase (i) 498,000 shares of Class B common stock to the CEO and (ii) 102,000 shares of Class A common stock to the CSO with an exercise price of $353.60. The options will vest in three equal increments as follows (i) one-third (1/3) of the options shall vest and become exercisable as of the date, following the grant date, that the volume weighted average price on the NYSE over a ten (10) trading day period of underlying Class A common stock (“VWAP”) equals or exceeds 3.0x the VWAP of the shares as of the Closing Date (as defined in the Options Agreements), (ii) one-third (1/3) of the options shall vest and become exercisable as of the date, following the grant date, that the VWAP of the shares equals or exceeds 4.0x the VWAP of the shares as of the Closing Date; and (iii) one-third (1/3) of the options shall vest and become exercisable as of the date, following the grant date, that the VWAP of the shares equals or exceeds 5.0x the VWAP of the shares as of the Closing Date.

The $93.4 million grant date fair value of the Founders’ Options was estimated using a model based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that the market condition targets may not be satisfied. The significant inputs to the valuation included the Class A stock price and the risk-free interest rate as of the grant date, as well as the estimated volatility of the Class A common stock. For the three and six nine months ended June 30, 2023 September 30, 2023 and 2022, the Company recognized $4.8 million $4.9 million and $9.6 million $14.5 million, respectively, in compensation expense related to these grants. As of June 30, 2023 September 30, 2023, the unrecognized stock-based compensation cost related to the Option Agreements was $44.1 million $39.2 million.

10. 12. Income Taxes

The Company’s provision for (benefit from) income taxes was $0.01 million and $(0.16) $(0.12) million for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively. This represents an effective tax rate for the respective periods of (0.05) (0.03)% and 0.25% 0.14%. The Company’s provision for (benefit from) income taxes was $0.1 million $0.2 million and $(0.4) $(0.5) million for the six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. This represents an effective tax rate for the respective periods of (0.14) (0.23)% and 0.17% 0.16%. The Company has historically been in an overall loss position and is only subject to state and foreign taxes. The Company maintains a valuation allowance for substantially all of its net deferred tax assets. The effective tax rate differs from the federal statutory rate due to the valuation allowance, as well as due to foreign taxes and state taxes.

11. 13. Related-Party Transactions

The Company did not have any material related party transactions in the sixnine months ended June 30, 2023.

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(Unaudited, amounts in tables are in thousands, unless otherwise noted)

12. 14. Net Loss Per Share

The Company computes net loss per share of the Class A common stock and Class B common stock using the two-class method required for participating securities. Basic and diluted loss per share are the same for each class of common stock because they are entitled to the same liquidation and dividend rights. The effect of potentially dilutive common shares is reflected in diluted earnings per share by application of the treasury stock method. The following table sets forth the computation of basic and diluted loss per Class A common stock and Class B common stock (in thousands, except for share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net loss – basic and diluted	$ (21,987)	$ (62,611)	$ (57,581)	$ (212,175)
Denominator:				

Weighted average common shares outstanding – basic and diluted	20,990,780	20,407,887	20,939,723	20,246,176
Net loss per share attributable to common stockholders – basic and diluted	$ (1.05)	$ (3.07)	$ (2.75)	$ (10.48)

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net loss – basic and diluted	$ (33,545)	$ (83,225)	$ (85,848)	$ (295,400)
Denominator:				
Weighted average common shares outstanding – basic and diluted	21,305,470	20,691,704	21,175,797	20,396,317
Net loss per share attributable to common stockholders – basic and diluted	$ (1.57)	$ (4.02)	$ (4.05)	$ (14.48)

The following outstanding common stock equivalents were considered antidilutive, and therefore, excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented (share numbers are not in thousands).

		As of June 30,			As of September 30,	
		2023	2022		2023	2022
Common stock warrants	Common stock warrants	226,786	226,786	Common stock warrants	226,786	226,786
Common stock options	Common stock options	946,792	1,201,993	Common stock options	705,315	1,102,048
Restricted stock units	Restricted stock units	2,700,905	660,685	Restricted stock units	2,687,766	475,631
Total	Total	3,874,483	2,089,464	Total	3,619,867	1,804,465

13. 15. Geographical Information

No sales to a country other than the United States accounted for more than 10% of revenue for the three and six nine months ended June 30, 2023 September 30, 2023 or 2022. Revenue, classified by the major geographic areas where the end users were located when they entered paid competitions, was as follows:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
United States	United States	$ 33,569	$ 53,646	$ 71,005	$ 121,656	United States	$ 30,853	$ 46,988	$ 101,866	$ 168,692
Other countries	Other countries	6,597	18,111	13,544	41,965	Other countries	5,574	12,228	19,109	54,145
Total	Total	$ 40,166	$ 71,757	$ 84,549	$ 163,621	Total	$ 36,427	$ 59,216	$ 120,975	$ 222,837

Property and equipment, net and operating lease right-of-use assets by geography was as follows:

		June 30,	December 31,		September 30,	December 31,
		2023	2022		2023	2022
United States	United States	$ 13,208	$ 3,058	United States	$ 13,425	$ 3,058
Other countries	Other countries	393	405	Other countries	387	405
Total	Total	$ 13,601	$ 3,463	Total	$ 13,812	$ 3,463

16. Subsequent Events

On August 18, 2023, the Board has determined that it is advisable and in the best interests of the Company and its stockholders to authorize the Company to repurchase, at any time or from time to time but for a period no longer than one year from the date hereof, shares of the Company's Class A common stock, par value $0.0001 per share (the "Common Stock"), having an aggregate purchase price not to exceed $65.0 million (a) on the New York Stock Exchange (the "NYSE") or any other national securities exchange on which the Common Stock is then traded, (b) pursuant to a plan effected pursuant to Rule 10b5-1 (a "Rule 10b5-1 Plan") promulgated under the Exchange Act, and/or (c) pursuant to accelerated share repurchase arrangements, tender offers, privately negotiated transactions or otherwise (the "Share Repurchase Program").

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14. Subsequent Events

On July 7, 2023, As of November 7, 2023 the Company entered into a Loan and Security Agreement (together, the "Credit Agreement") whereby it would lend Big Run Studios approximately $2 million to refinance Big Run's existing credit facility. The purpose of the transaction is to support Big Run in expanding their upcoming game launch to include additional variants in order to expand into the exciting new category of skill-based slots.

The designated rate on the credit facility is 11.5%, with interest for the first six months being paid, at Big Run's option each month, (1) in cash or (2) in-kind and compounded monthly to the principal. The interest-only period may be extended by six months upon mutual written agreement between Big Run and Skillz. After the interest-only period, principal and interest shall be payable monthly in equal installments. The default rate is 16.5% per annum. Late charges will be assessed at 5% of the payment amount overdue if not paid within five business days has repurchased 1,156,693 shares of its due date.

The credit facility will mature on June 1, 2025, subject to applicable permitted prepayments; provided that upon the occurrence common stock at an average price of $5.21/share for a six month extension total cost (including commission) of the interest-only period, the maturity shall also be extended by six additional months to December 1, 2025.$6,055,173.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the results of operations and financial condition of Skillz Inc. (for purposes of this section, "Skillz," "we," "us" and "our"). MD&A is provided as a supplement to, and should be read in conjunction with, our Annual Report on Form 10-K for the year ended December 31, 2022 (the "Annual Report"), and our financial statements and the accompanying Notes to Financial Statements (Part I, Item 1 of this Form 10-Q). This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in Part I, Item IA, "Risk Factors" in our Annual Report and Part II, Item 1A, "Risk Factors." Actual results may differ materially from those contained in any forward-looking statements. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Reverse Stock Split

Spin-Off Transaction

At On August 31, 2023, in order to more directly incentivize the Company's 2023 Annual Meeting of Stockholders held on June 20, 2023, the Company's stockholders approved a proposal to authorize a reverse stock split key employees of the Company's Class A Common Stock and Class B Common Stock (together, the "Common Stock" subsidiary, Aarki, Inc. ("Aarki"), at a ratio within the range of 1-for-10 to 1-for-20 shares. On June 22, 2023, the Board approved Company made the Final Ratio determination to allow certain key employees of 1-for-20. The reverse stock split became effective on June 23, 2023 upon filing Aarki to receive equity awards in Aarki, consisting of a Certificate combination of Amendment. option awards and restricted stock awards, which will vest over the next four years. On a fully diluted basis, the awards would represent approximately 20% of the ownership of Aarki. As of September 30, 2023, no awards have been granted in connection with the foregoing and the Company continues to consolidate Aarki in its consolidated financial statements. In connection with the spin-off transaction, the Company is also investing $5,000,000 in the form of Series A Preferred Stock of Aarki to properly allocate working capital to the business. The Company does not intend to grant any future Skillz equity awards to any Aarki employees, and all unvested Skillz equity awards have been surrendered by Aarki employees. The Company recognized $3.3 million of stock compensation expense in connection with acceleration of these awards.

On June 23, 2023, we effected In connection with the one-for twenty reverse stock split of our issued and outstanding shares of Common Stock. As a result of foregoing, Aarki is also being designated as an unrestricted subsidiary under the reverse stock split, every 20 shares of issued and outstanding Common Stock were combined and converted into one issued and outstanding share of Common Stock, and indenture governing the number of authorized shares of Common Stock was reduced proportionately. The par value per share of Common Stock remains unchanged. The Company's Class A Common Stock began trading on a split-adjusted basis on the NYSE at market open on June 26, 2023. All share and per-share amounts in this quarterly report on Form 10-Q have been retrospectively adjusted to reflect the impact of the reverse stock split. 10.250% Secured Notes due 2026.

Overview

We operate a marketplace that connects the world through competition, serving both developers and users. Our platform enables fair, fun and competitive gaming experiences and the trust we foster with users is the foundation upon which our community is built. We believe our marketplace benefits from a powerful network effect: compelling content attracts users to our platform, while the increasing size of our audience attracts more developers to create new interactive experiences on our platform.

Skillz was founded in 2012 by Andrew Paradise and Casey Chafkin with the vision to make eSports accessible to everyone possible. As of June 30, 2023 September 30, 2023, the platform had 1.1 1.0 million monthly active users ("MAUs") and hosts an average of over 3.2 2.9 million daily tournaments, including 0.64 0.58 million paid entry daily tournaments, offering over $68 $1 million in prizes each month. Since our inception in 2012, over 16,000 registered game developers have launched a game integration on our platform. As of June 30, 2023 September 30, 2023, over 500 developers had a game on our platform with at least one installed user.

Our culture is built upon a set of values established by our founders, aligning the Company and its employees in a common vision. Our seven values are: Honor; Mission; Collaboration; Productivity; Willingness; Frugality; and Balance. Our approach has focused on trust and fairness for users enabling game developers to focus on what they do best: build great content.

Our technology capabilities are industry-leading and provide the tools necessary for developers to compete with the largest and most sophisticated mobile game developers in the world. Our easy-to-integrate software development kit (“SDK”) and developer console allow our developers to monitor, integrate and update their games seamlessly over the air. We ingest and analyze over 300 data points from each game play session, enhancing our data-driven algorithms and LiveOps systems. Moreover, we have developed a robust platform enabling fun, fair and meaningful competitive gameplay.

Historically, our top games and related developers have accounted for a substantial portion of our revenue earned from the Skillz platform. For the three months ended June 30, 2023 September 30, 2023 and 2022, the games Solitaire Cube, 21 Blitz (each developed by Tether Studios, LLC (“Tether”)) and Blackout Bingo (developed by Big Run Studios Inc. (“Big Run”)) combined accounted for 70% 71% and 71% 72% of our revenue, respectively. For the three months ended June 30, 2023 September 30, 2023 and 2022, Tether accounted for 43%

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45% and 38% 40% of our revenue, respectively. For the three months ended June 30, 2023 September 30, 2023 and 2022, Big Run accounted for 37% 36% and 42% 40% of our revenue, respectively. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, the games Solitaire Cube, 21 Blitz and Blackout

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Bingo combined accounted for 70% and 71% of our revenue, respectively. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, Tether accounted for 43% 44% and 38% of our revenue, respectively. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, Big Run accounted for 37% 36% and 42% 41% of our revenue, respectively.

Our top titles rotate over time as more games generate success on the Skillz platform. In the six nine months ended June 30, 2023 September 30, 2023, the number of games that generated over $1 million of annualized Gross Marketplace Volume (“GMV”) increased 26% decreased 31% to 44 33 from 35 48 in the six nine months ended June 30, 2022 September 30, 2022.

The following supplemental financial information table summarizes key operating metrics for the three and six nine months ended June September 30, 2023 and 2022:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Gross marketplace volume (“GMV”) (000s)(1)	Gross marketplace volume (“GMV”) (000s)(1)	$ 255,229	$ 432,209	$ 532,861	$ 984,343	Gross marketplace volume (“GMV”) (000s)(1)	$ 241,146	$ 360,364	$ 774,007	$ 1,344,707
Paying monthly active users (“PMAUs”) (000s)(2)	Paying monthly active users (“PMAUs”) (000s)(2)	196	421	205	495	Paying monthly active users (“PMAUs”) (000s)(2)	168	320	193	437
Monthly active users (“MAUs”) (000s)(3)	Monthly active users (“MAUs”) (000s)(3)	1,068	2,234	1,122	2,732	Monthly active users (“MAUs”) (000s)(3)	1,038	1,665	1,094	2,376
Average GMV per paying monthly active user(4)	Average GMV per paying monthly active user(4)	$ 433.3	$ 342.1	$ 865.6	$ 662.7	Average GMV per paying monthly active user(4)	$ 478.8	$ 375.6	$ 446.2	$ 342.1
Average GMV per monthly active user(5)	Average GMV per monthly active user(5)	$ 79.7	$ 64.5	$ 158.3	$ 120.1	Average GMV per monthly active user(5)	$ 77.5	$ 72.1	$ 78.6	$ 62.9
Average revenue per paying monthly active user (“ARPPU”)(6)	Average revenue per paying monthly active user (“ARPPU”)(6)	$ 68.2	$ 56.8	$ 68.7	$ 55.3	Average revenue per paying monthly active user (“ARPPU”)(6)	$ 72.3	$ 62.8	$ 69.9	$ 58.5

Average revenue per monthly active user ("ARPU")(7)	Average revenue per monthly active user ("ARPU")(7)	$ 12.5	$ 10.7	$ 12.6	$ 10.1	Average revenue per monthly active user ("ARPU")(7)	$ 11.7	$ 12.1	$ 12.3	$ 10.9
Paying MAU to MAU ratio	Paying MAU to MAU ratio	18%	19%	18%	18%	Paying MAU to MAU ratio	16%	19%	18%	19%
Average end-user incentives, included as sales and marketing expense, per paying active user(8)	Average end-user incentives, included as sales and marketing expense, per paying active user(8)	$ 29.08	$ 24.88	$ 23.38	$ 23.38	Average end-user incentives, included as sales and marketing expense, per paying active user(8)	$ 33.57	$ 24.83	$ 29.76	$ 24.51
Average end-user incentives, included as sales and marketing expense, per playing active user(9)	Average end-user incentives, included as sales and marketing expense, per playing active user(9)	$ 5.35	$ 4.69	$ 10.32	$ 4.24	Average end-user incentives, included as sales and marketing expense, per playing active user(9)	$ 5.43	$ 4.77	$ 5.24	$ 4.50

(1) "GMV" or "Gross Marketplace Volume" 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 winnings from end-users' accounts that have not been withdrawn, and end-user incentives used to enter paid entry fee contests.
(2) "Paying Monthly Active Users" or "PMAUs" means 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.
(3) "Monthly Active Users" or "MAUs" means the number of playing end-users who entered into a paid or free contest hosted on Skillz's platform at least once in a month, averaged over each month in the period.
(4) "Average GMV Per Paying Monthly Active User" means the average GMV in a given month divided by Paying MAUs in that month, averaged over the period.
(5) "Average GMV Per Monthly Active User" means the average GMV in a given month divided by MAUs in that month, averaged over the period.
(6) "Average Revenue Per Paying Monthly Active User" or "ARPPU" means the average revenue in a given month divided by Paying MAUs in that month, averaged over the period and does not include a deduction for end-user incentives that are included in sales and marketing expense.
(7) "Average Revenue Per Monthly Active User" or "ARPU" means the average revenue in a given month divided by MAUs in that month, averaged over the period and does not include a deduction for end-user incentives that are included in sales and marketing expense.
(8) Amount reflects the average end-user incentives included in sales and marketing expense in a given month divided by PMAUs in that month, averaged over the period.
(9) Amount reflects the average end-user incentives included in sales and marketing expense in a given month divided by MAUs in that month, averaged over the period.

Engagement marketing is a sales and marketing expense representing rewards and awards that developers do not have a valid expectation of being offered to end-users to engage on the platform. Decreases in engagement marketing could result in lower revenue as paying users no longer receive those end-user incentives, which include Bonus Cash which can only be used to enter into paid contests.

User acquisition ("UA") marketing is a sales and marketing expense to acquire new paying users to the platform. Assuming acquisition cost per user is constant, decreases in UA marketing expense typically result in lower revenue as a result of having fewer new paying users. The reduction in UA marketing and engagement marketing expenses during fiscal year 2022 and 2023 has resulted in a substantial reduction in revenue and is expected to continue to result in a reduction in revenue. We are currently unable to reasonably estimate the quantitative impact, or range of impact, that reductions in UA marketing and engagement marketing will have on forward-looking revenue as a result of the number of interrelated factors impacting revenue, including, but not limited to, retention of existing users on the platform, ARPPU, efficacy of various engagement

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marketing programs on existing users, elasticity of the digital advertising supply curve, and impact of varying levels of player liquidity on the existing user ecosystem.

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Over the course of 2022 and 2023, our focus was on driving higher efficiency from our marketing investment by (1) reducing spend on low-return engagement marketing programs, which we expect will result in lower engagement marketing as a percentage of revenue and (2) driving UA efficiency by optimizing spend across networks and driving higher organic traffic. To the extent we reduce engagement marketing spend, we expect to reduce our Bonus Cash end-user incentives in proportion to such overall engagement marketing reduction.

Our Financial Model

Skillz's financial model aligns the interests of gamers and developers, driving value for our stockholders. By monetizing through competition, our system eliminates friction that exists in traditional monetization models between the developer and the gamer. The more gamers enjoy our platform, the longer they play, creating more value for Skillz and our developers. By generating higher player to payor conversion, retention and engagement, we are able to monetize users at higher rates than what our developers would generate through advertisements or in-game purchases.

Our platform allows users to participate in fair competition, while rewarding developers who create games that keep players engaged. We generate revenue by receiving a percentage of player entry fees in paid (cash or Bonus Cash) contests, after deducting end-user prizes (i.e., winnings from the competitions), end-user incentives accounted for as reduction of revenue and the profit share paid to developers (the "Take Rate"). GMV represents entry fees that may be paid using cash deposits, prior winnings (which includes Bonus Cash previously won and returned as winnings), and end-user incentives (which includes Bonus Cash that has been lost during the period). We offer incentives to end-users to drive traffic to the Skillz platform. End-user incentives that are offered on behalf of game developers, such as Ticketz (which can be redeemed for Bonus Cash) and initial deposit Bonus Cash, are accounted for as a reduction of revenue. End-user incentives for which game developers do not have a valid expectation of being offered to end-users to engage on the platform, such as limited-time Bonus Cash offers, are accounted for as a sales and marketing expense. Refer to Note 2, Summary of Significant Accounting Policies, of our condensed consolidated financial statements for further information.

The following table summarizes additional components of GMV, including average GMV per active user and average GMV per paying active user for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
As a percentage of GMV(%)	**As a percentage of GMV(%)**					**As a percentage of GMV(%)**				
Prior winnings (1)	Prior winnings (1)	81%	81%		81%	Prior winnings (1)	81%		81%	81%
Cash deposits (2)	Cash deposits (2)	12%	12%		12%	Cash deposits (2)	12%		12%	12%
End user incentives (3)	End user incentives (3)	7%	7%		7%	End user incentives (3)	7%		7%	7%
As components of average GMV per paying monthly active user ($)	**As components of average GMV per paying monthly active user ($)**					**As components of average GMV per paying monthly active user ($)**				
Prior winnings	Prior winnings	$ 351.2	$ 275.8	$ 700.3	$ 534.2	Prior winnings	$ 389.7	$ 302.7	$ 361.6	$ 275.8
Cash deposits	Cash deposits	$ 50.1	$ 41.4	$ 103.3	$ 78.7	Cash deposits	$ 53.2	$ 46.7	$ 52.1	$ 41.3
End user incentives	End user incentives	$ 31.9	$ 24.9	$ 62.0	$ 49.8	End user incentives	$ 35.9	$ 26.2	$ 32.4	$ 25.0
As components of average GMV per monthly active user ($)	**As components of average GMV per monthly active user ($)**					**As components of average GMV per monthly active user ($)**				
Prior winnings	Prior winnings	$ 64.6	$ 52.0	$ 128.1	$ 96.8	Prior winnings	$ 63.0	$ 58.2	$ 63.7	$ 50.7
Cash deposits	Cash deposits	$ 9.2	$ 7.8	$ 18.9	$ 14.3	Cash deposits	$ 8.6	$ 9.0	$ 9.2	$ 7.6
End user incentives	End user incentives	$ 5.9	$ 4.7	$ 11.3	$ 9.0	End user incentives	$ 5.8	$ 5.0	$ 5.7	$ 4.6

(1) 'Prior winnings' include cash and Bonus Cash that are in the end-user's account as a result of winnings from competitions.

(2) 'Cash deposits' represents currency deposits into the end-user's Skillz account during the respective period.

(3) 'End user incentives' is based on amounts recorded as a reduction of revenue or sales and marketing expense during the respective period. End-user incentives primarily consist of (i) Bonus Cash, (ii) Ticketz (which can be redeemed for Bonus Cash) and (iii) promotional offers. Bonus Cash relates to all Bonus Cash that has been lost during the period (i.e., when the related cost has been incurred by the Company). Refer to Note 2 of our condensed consolidated financial statements for further information.

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Prizes include cash, Bonus Cash, physical merchandise and items sponsored by third-parties. Prizes for the six three months ended June 30, 2023 September 30, 2023 and 2022, consisted of approximately 91% cash, 9% Bonus Cash, 92% cash, and 8% Bonus Cash, respectively. Prizes for the nine months ended September 30, 2023 and 2022, consisted of approximately 92% cash, and 8% Bonus Cash. Prizes for the six months ended June 30, 2022, consisted of approximately Cash, 91% cash, and 9% Bonus Cash. Cash, respectively. Physical merchandise and items sponsored by third-parties were de minimis for the periods presented.

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The following are key elements of our financial model:

- **The scale, growth and engagement of the users —** As we continue to acquire users, our ability to match comparable players, on both skill level and tournament template, in a fair and timely manner improves. Better matching leads to stronger engagement and the ability to create larger tournaments with more profitable take rates. This creates a stickier, more engaging, and continuously improving experience for our players, which in turn attracts more players to our platform, creating a positively reinforcing cycle leading to ever-improving gaming experiences.
- **The scale, growth and partnership of our developers —** We have created a platform that drives economic success for our developers. Our end-to-end platform allows developers to focus on creating games by automating and optimizing integral parts of their businesses — from user acquisition and monetization to game optimization. Our built-in payments, analytics, customer support, and live operations platform enables our developers to consistently learn, grow, earn and share in our success.
- **Product-first philosophy and data science capabilities —** We have built a culture that puts product first, driving our impact with users and developers and then scaling marketing investment. For the three and six nine months ended June 30, 2023 September 30, 2023, 40% 35% and 38% 37% of our salary costs, respectively, were spent on product development. Our easy-to-integrate SDK contains over 200 features in a less than 16-MB package which allows for over-the-air upgrades. Our intuitive Developer Console dashboard enables our developers to rapidly integrate and monitor the performance of their games. Our LiveOps system enables us to manage and optimize the user experience across the thousands of games on our platform. We collect over 300 data points during each gameplay session to feed our big data assets which augment all elements of our platform. Our key data science technologies drive our player rating and matching, anti-cheat and anti-fraud, and user experience personalization engine.
- **Our unit economics —** Our proprietary and highly scalable software platform produces revenue at a low direct cost (i.e. direct software and server costs), contributing to our gross margins. Once acquired, each user cohort contributes to revenue over its life such that at three months, approximately 20% of users in a cohort continue to be paying users and the balance of PMAUs have churned. Thereafter, our retention curve continues to flatten with a limited portion of users continuing to contribute to revenue in each cohort for subsequent years. A cohort is all the users acquired in the period presented. A user is considered part of a cohort based on the first time they make a deposit and enter a paid tournament. Once a user is considered part of a cohort, they are always counted in that cohort. During the six nine months ended June 30, 2023 September 30, 2023, we experienced lower than average user retention driven by reduced user incentives, product feature changes and macroeconomic conditions, which is a continuation of the trend observed in 2022.

Key Components of Results of Operations

Revenue

Skillz provides a service to the game developers aimed at improving the monetization of their game content. The monetization service provided by Skillz allows developers to offer multi-player competition to their end-users which increases end-user retention and engagement.

By utilizing the Skillz monetization services, game developers can enhance the player experience by enabling them to compete in head-to-head matches, live tournaments, leagues, and charity tournaments and increase player retention through referral bonus programs, loyalty perks, on-system achievements and Bonus Cash. Skillz provides developers with a SDK that they can download and integrate with their existing games. The SDK serves as a data interface between Skillz and the game developers that enables Skillz to provide monetization services to the developer. Specifically, these monetization services include end-user registration services, player matching, fraud and fair play monitoring, and billing and settlement services. The SDK and Skillz monetization services provide the following key benefits to the developers:

- Streamlined game and tournament management allowing players to register with the developer to compete in games for prizes while earning Skillz loyalty perks;
- Fair play in each tournament via the Skillz suite of fairness tools, including skill-based player matching and fraud monitoring;

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- Improved end-user retention by rewarding the most loyal players with Ticketz which can be redeemed in the Skillz virtual store and are earned in every match and can be redeemed for prizes or credits to be used towards future paid entry fee tournaments;
- Marketing campaigns through main-stream online advertising networks and social media platforms to drive end-user traffic to developers' games within the Skillz ecosystem;
- Systematic calls to end-user action via push notifications to users with game results, promotional offers, and time-sensitive actions; and

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- Process end-user payments, billings and settlements on behalf of the developer to enable players to connect their preferred payment method to deposit and enter into the game developers' multi-player competitions for cash prizes.

Generally, end-users are required to deposit funds into their Skillz account in order to be eligible to participate in games for prizes. As part of its monetization services, Skillz is responsible for processing all end-user payments, billings and settlements on behalf of the game developer, such that the game developer does not have to collect directly from or make payments directly to the end-users. When the end-users enter into cash games, the end-users pay an entry fee using cash deposits, prior winnings in the end-users' accounts and end-user incentives (specifically Bonus Cash). Skillz is entitled to a revenue share based on total entry fees for paid competitions, regardless of how they are paid, net of end-user prizes (i.e., winnings from the competitions) and other costs to provide monetization services. Revenue related to Bonus Cash is recognized only once when the Bonus Cash is lost. Skillz does not recognize the cost of Bonus Cash when it is returned to the user who won the competition.

Skillz typically withholds 16% to 20% of the total entry fees when distributing the prize money as a commission. That commission is shared between Skillz and the game developers; however, the game developers' share is calculated solely based upon entry fees paid by net cash deposits received from end-users, adjusted for certain costs incurred by Skillz to provide monetization services.

Costs and Expenses

Cost of Revenue

Our cost of revenue consists of variable costs. These include mainly (i) payment processing fees, (ii) customer support costs, (iii) direct software costs, (iv) amortization of internal use software and (v) server costs.

We incur payment processing costs on user deposits. We also incur costs directly related to servicing end-user support tickets on behalf of the game developer that are logged by users directly within the Skillz SDK. These support costs include an allocation of the facilities expense, such as rent, maintenance and utilities costs according to headcount, needed to service these tickets. We use a third party as our cloud computing service; we incur server and software costs as a direct result of running our SDK in our developers' games. We also incur costs related to the amortization of intangible assets which include developed technology.

Research and Development

Research and development expenses consist of software development costs, comprised mainly of product and platform development, server and software costs that support research and development activities, and to a lesser extent, allocation of rent, maintenance and utilities costs according to headcount. Personnel related expenses consist of salaries, benefits, stock-based compensation and restructuring charges. We expect research and development expenses will fluctuate both in terms of absolute dollars and as a percentage of revenue in the future.

Sales and Marketing

Sales and marketing expenses consist primarily of direct advertising costs, engagement marketing expenses that are not recorded as a reduction of revenue, UA marketing expenses and amortization of intangible assets which include customer relationships. Sales and marketing expenses also include allocations of rent, maintenance and utilities costs according to headcount. Personnel related expenses consist of salaries, benefits, stock-based compensation and restructuring charges. We expect sales and marketing expenses will fluctuate both in terms of absolute dollars and as a percentage of revenue in the future.

General and Administrative

General and administrative expenses consist of personnel-related expenses for our corporate, executive, finance, and other administrative functions, expenses for outside professional services, and allocation of rent, maintenance and utilities costs

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according to headcount. Personnel related expenses consist of salaries, benefits, stock-based compensation and restructuring charges. General and administrative expenses also include expenses related to a loss contingency accrual.

We expect our general and administrative expenses to decrease for the foreseeable future as we reposition the Company for profitability. We do not anticipate that we will grow headcount significantly and expect to reduce certain general and administrative expenses including professional service expenses, investor relations activities, and other administrative services.

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Results of Operations

Comparison of the three months ended June 30, 2023 September 30, 2023 and 2022

		Three Months Ended June 30,		Increase/(Decrease)			Three Months Ended September 30,		Increase/(Decrease)	
		2023	2022	Amount	Percentage		2023	2022	Amount	Percentage
(In thousands, except for number of shares, per share amounts, and percentages)	*(In thousands, except for number of shares, per share amounts, and percentages)*					*(In thousands, except for number of shares, per share amounts, and percentages)*				
Revenue	Revenue	$ 40,166	$ 71,757	$ (31,591)	(44) %	Revenue	$ 36,427	$ 59,216	$ (22,789)	(38) %
Costs and expenses:	Costs and expenses:					Costs and expenses:				

Cost of revenue	Cost of revenue	3,650	9,003	(5,353)	(59) %	Cost of revenue	3,693	7,599	(3,906)	(51) %
Research and development	Research and development	8,966	18,253	(9,287)	(51) %	Research and development	7,852	7,937	(85)	(1) %
Sales and marketing	Sales and marketing	33,085	73,731	(40,646)	(55) %	Sales and marketing	31,925	51,480	(19,555)	(38) %
General and administrative	General and administrative	30,098	26,881	3,217	12 %	General and administrative	24,389	20,936	3,453	16 %
Impairment of intangible assets and other charges						Impairment of intangible assets and other charges	—	51,230	(51,230)	(100) %
Total costs and expenses	Total costs and expenses	75,799	127,868	(52,069)	(41) %	Total costs and expenses	67,859	139,182	(71,323)	(51) %
Loss from operations	Loss from operations	(35,633)	(56,111)	20,478	(36) %	Loss from operations	(31,432)	(79,966)	48,534	(61) %
Gain on extinguishment of debt	Gain on extinguishment of debt	15,205	—	15,205	— %	Gain on extinguishment of debt	—	2,553	(2,553)	(100) %
Interest expense, net	Interest expense, net	(1,712)	(7,596)	5,884	(77) %	Interest expense, net	(2,279)	(6,360)	4,081	(64) %
Change in fair value of common stock warrant liabilities	Change in fair value of common stock warrant liabilities	152	1,023	(871)	(85) %	Change in fair value of common stock warrant liabilities	127	(80)	207	(259) %
Other income (expense), net		11	(82)	93	(113) %					
Other income, net						Other income, net	48	508	(460)	(91) %
Loss before income taxes	Loss before income taxes	(21,977)	(62,766)	40,789	(65) %	Loss before income taxes	(33,536)	(83,345)	49,809	(60) %
Provision for (benefit from) income taxes	Provision for (benefit from) income taxes	10	(155)	165	(106) %	Provision for (benefit from) income taxes	9	(120)	129	(108) %
Net loss	Net loss	$ (21,987)	$ (62,611)	$ 40,624	(65) %	Net loss	$ (33,545)	$ (83,225)	$ 49,680	(60) %

Revenue

Revenue was $40.2 million $36.4 million for the three months ended June 30, 2023 September 30, 2023, compared to $71.8 million $59.2 million for the three months ended June 30, 2022 September 30, 2022. The decrease of $31.6 million $22.8 million was primarily due to a decrease in the Company's player base resulting from decreased user acquisition and engagement marketing spend of 74% 60% and 45% 28%, respectively. The reduction in user acquisition and engagement marketing spend was driven to prioritize profitability over revenue growth in fiscal 2023. The Company intentionally reduced spend to achieve better user acquisition efficiency and eliminate low-return engagement marketing programs. ARPU decreased 3% over the same period.

Cost of Revenue

Cost of revenue was $3.7 million for the three months ended September 30, 2023, compared to $7.6 million for the three months ended September 30, 2022. The decrease of $3.9 million was primarily due to a reduction in amortization and depreciation expense driven by the write off of intangible assets in the second half of the year-ended December 31, 2022. Additionally, payment processing fees and customer service costs decreased.

Research and Development

Research and development costs were $7.9 million for the three months ended September 30, 2023, compared to $7.9 million for three months ended September 30, 2022. The change was flat for the periods.

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Sales and Marketing

Sales and marketing costs were $31.9 million for the three months ended September 30, 2023, compared to $51.5 million for the three months ended September 30, 2022. The decrease of $19.6 million was primarily driven by decreases of $11.0 million and $6.6 million in user acquisition and engagement marketing spend, respectively. This intentional decrease was driven by the strategic decision to prioritize profitability over revenue growth in 2023. UA marketing expenses were $7.5 million and $18.5 million in three months ended September 30, 2023 and 2022, respectively. UA marketing as a percentage of revenue decreased to 21% in the three months ended September 30, 2023 from 31% in the three months ended September 30, 2022.

General and Administrative

General and administrative costs were $24.4 million for the three months ended September 30, 2023, compared to $20.9 million for the three months ended September 30, 2022. The increase of $3.5 million was driven by increases in legal costs of $2.5 million, temporary staffing costs of $0.8 million, and employee related costs of $0.4 million .This was partially offset by decrease in insurance expense of $0.9 million.

Impairment of intangible assets and other charges

Impairment charges of $51.2 million for the three months ended September 30, 2022 was related to impairment of the intangible assets.

Gain on extinguishment of debt

The gain on debt extinguishment of $15.2 million for the three months ended September 30, 2023 was related to the 2021 Senior Secured Notes. Refer to Note 6, Long-Term Debt, of the notes to the consolidated financial statements for further discussion.

Interest expense, net

Interest expense, net was $2.3 million for the three months ended September 30, 2023, compared to $6.4 million for the three months ended September 30, 2022. The decrease of $4.1 million primarily due to the redemption of a portion of the principal amount of the 2021 Senior Secured Notes in the third quarter of 2022. Additionally, interest income decreased by $4.0 million due to the maturation of investment securities.

Other income, net

Other income was $0.05 million for the three months ended September 30, 2023, compared to other income of $0.5 million for the three months ended September 30, 2022. The decrease of $0.5 million was primarily driven by changes in foreign currency rates.

Change in fair value common stock of warrant liabilities

The change in fair value of warrant liabilities for the three months ended September 30, 2023 was $0.1 million, compared to $(0.1) million for the three months ended September 30, 2022. Refer to Note 4, Fair Value Measurement, of the notes to the condensed consolidated financial statements for further discussion.

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Results of Operations

Comparison for the nine months ended September 30, 2023 and 2022

	Nine Months Ended September 30,		Increase/(Decrease)	
(In thousands, except for number of shares, per share amounts, and percentages)	2023	2022	Amount	Percentage
Revenue	$ 120,975	$ 222,837	$ (101,862)	(46)%
Costs and expenses:				
Cost of revenue	11,923	25,802	(13,879)	(54)%
Research and development	24,757	44,840	(20,083)	(45)%
Sales and marketing	99,510	242,556	(143,046)	(59)%
General and administrative	78,080	140,540	(62,460)	(44)%
Impairment of intangible assets and other charges	455	51,230	(50,775)	(99)%
Total costs and expenses	214,725	504,968	(290,243)	(57)%
Loss from operations	(93,750)	(282,131)	188,381	(67)%
Gain on extinguishment of debt	15,205	2,553	12,652	496 %
Interest expense, net	(7,486)	(22,113)	14,627	(66)%
Change in fair value of common stock warrant liabilities	278	5,405	(5,127)	(95)%
Other income, net	98	398	(300)	(75)%
Loss before income taxes	(85,655)	(295,888)	210,233	(71)%
Provision for (benefit from) income taxes	193	(488)	681	(140)%

Net loss	$ (85,848)	$ (295,400)	$ 209,552	(71)%

Revenue

Revenue was $121.0 million for the nine months ended September 30, 2023, compared to $222.8 million for the nine months ended September 30, 2022. The decrease of $101.9 million was primarily due to a decrease in the Company's player base resulting from decreased user acquisition and engagement marketing spend of 80% and 47%, respectively. The reduction in user acquisition and engagement marketing spend was driven to prioritize profitability over revenue growth in fiscal 2023. The Company intentionally reduced spend to achieve better user acquisition efficiency and eliminate low-return engagement marketing programs. ARPU increased 17% over the same period.

Cost of Revenue

Cost of revenue was $3.7 million for the three months ended June 30, 2023, compared to $9.0 million for the three months ended June 30, 2022. The decrease of $5.4 million was primarily due to a reduction in amortization and depreciation expense driven by the write off of intangible assets in the second half of the year-ended December 31, 2022. Additionally, payment processing fees and customer service costs decreased.

Research and Development

Research and development costs were $9.0 million for the three months ended June 30, 2023, compared to $18.3 million for three months ended June 30, 2022. The decrease of $9.3 million was primarily due to a $9.9 million decrease in employee related costs, driven by a reduction in headcount, as a result of the restructuring in June 2022. Additionally, equipment and software expense decreased $0.4 million. This was partially offset by increases of $0.9 million and $0.1 million in professional fees and facility related costs, respectively.

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Sales and Marketing

Sales and marketing costs were $33.1 million for the three months ended June 30, 2023, compared to $73.7 million for the three months ended June 30, 2022. The decrease of $40.6 million was primarily driven by decreases of $22.5 million and $14.3 million in user acquisition and engagement marketing spend, respectively. This intentional decrease was driven by the strategic decision to prioritize profitability over revenue growth in 2023. UA marketing expenses were $7.8 million and $30.3 million in three months ended June 30, 2023 and 2022, respectively. UA marketing as a percentage of revenue decreased to 19% in the three months ended June 30, 2022 from 42% in the three months ended June 30, 2022. Additionally, employee related costs decreased $2.1 million, driven by reduced headcount related to the restructuring during the three months ended June 30, 2022 and other sales and marketing costs decreased $1.7 million.

General and Administrative

General and administrative costs were $30.1 million for the three months ended June 30, 2023, compared to $26.9 million for the three months ended June 30, 2022. The increase of $3.2 million was driven by increased legal fees $5.5 million, temporary staffing costs $2.8 million and other general expenses $0.3 million. This was partially offset by a $3.0 million decrease in employee related costs, due to a reduction in headcount as a result of the restructuring that occurred during the second quarter of 2023. The increase was further reduced by a $1.4 million decrease in professional fees and $0.9 million decrease in insurance expense.

Gain on extinguishment of debt

The gain on debt extinguishment of $15.2 million for the three months ended June 30, 2023 was related to the 2021 Senior Secured Notes. Refer to Note 6, Long-Term Debt, of the notes to the consolidated financial statements for further discussion.

Interest expense, net

Interest expense, net was $1.7 million for the three months ended June 30, 2023, compared to $7.6 million for the three months ended June 30, 2022. The decrease of $5.9 million primarily due to the redemption of a portion of the principal amount of the 2021 Senior Secured Notes in the third quarter of 2022 and the repurchase of debt in the second quarter of 2023. Additionally, interest income decreased by $0.8 million.

Other income (expense), net

Other income was $0.01 million for the three months ended June 30, 2023, compared to other expense of $0.1 million for the three months ended June 30, 2022. The increase of $0.1 million was primarily driven by changes in foreign currency rates.

Change in fair value common stock of warrant liabilities

The change in fair value of warrant liabilities for the three months ended June 30, 2023 was $0.2 million, compared to $1.0 million for the three months ended June 30, 2022. Refer to Note 4, Fair Value Measurement, of the notes to the condensed consolidated financial statements for further discussion.

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Results of Operations

Comparison for the six months ended June 30, 2023 and 2022

	Six Months Ended June 30,		Increase/(Decrease)	
	2023	2022	Amount	Percentage
(In thousands, except for number of shares, per share amounts, and percentages)				
Revenue	$ 84,549	$ 163,621	$ (79,072)	(48)%
Costs and expenses:				
Cost of revenue	8,232	18,203	(9,971)	(55)%
Research and development	17,847	36,903	(19,056)	(52)%
Sales and marketing	68,003	191,076	(123,073)	(64)%
General and administrative	58,168	119,604	(61,436)	(51)%
Total costs and expenses	152,250	365,786	(213,536)	(58)%
Loss from operations	(67,701)	(202,165)	134,464	(67)%
Gain on extinguishment of debt	15,205	—	15,205	— %
Interest expense, net	(5,207)	(15,753)	10,546	(67)%
Change in fair value of common stock warrant liabilities	151	5,485	(5,334)	(97)%
Other income (expense), net	50	(109)	159	(146)%
Loss before income taxes	(57,502)	(212,542)	155,040	(73)%
Provision for (benefit from) income taxes	79	(367)	446	(122)%
Net loss	$ (57,581)	$ (212,175)	$ 154,594	(73)%

Revenue

Revenue was $84.5 million for the six months ended June 30, 2023, compared to $163.6 million for the six months ended June 30, 2022. The decrease of $79.1 million was primarily due to a decrease in the Company's player base resulting from decreased user acquisition and engagement marketing spend of 82% and 53%, respectively.. The reduction in user acquisition and engagement marketing spend was driven to prioritize profitability over revenue growth in fiscal 2023. The Company intentionally reduced spend to achieve better user acquisition efficiency and eliminate low-return engagement marketing programs. ARPU increased 25% 13% over the same period.

Cost of revenue

Cost of revenue was $8.2 million $11.9 million for the six nine months ended June 30, 2023 September 30, 2023, compared to $18.2 million $25.8 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease of $10.0 million $13.9 million was primarily driven by a reduction in amortization and depreciation due to the write off of intangible assets in the second half of the year-ended December 31, 2022, and reductions in payment processing and customer support personnel costs.

Research and development

Research and development costs were $17.8 million $24.8 million for the six nine months ended June 30, 2023 September 30, 2023, compared to $36.9 million $44.8 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease of $19.1 million $20.1 million was primarily driven by a $20.5 million $20.4 million decrease in employee related costs, due to a reduction in headcount, resulting from the restructure in the second quarter of 2022. Additionally, equipment and software related costs decreased $0.9 million $1.2 million. This was partially offset by increases of $1.9 1.3 million and $0.4 millionin professional fees and facility related expenses, respectively. fees.

Sales and marketing

Sales and marketing costs were $68.0 million $99.5 million for the six nine months ended June 30, 2023 September 30, 2023, compared to $191.1 million $242.6 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease of $123.1 million $143.0 million was primarily attributable to decreases in user acquisition and engagement marketing spend of $73.3 $86.3 million and $39.4 $46.0 million, respectively. respectively. This intentional decrease was

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driven by the strategic decision to prioritize profitability over revenue growth in 2023. UA marketing expenses were $16.2 million $21.6 million and $89.5

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million $108.0 million in six nine months ended June 30, 2023 September 30, 2023 and 2022, respectively. UA marketing as a percentage of revenue decreased to 19% 18% in the six nine months ended June 30, 2023 September 30, 2023 from 55% 48% in the six nine months ended June 30, 2022 September 30, 2022.Additionally, employee related expenses decreased $7.1 million $9.5 million, primarily driven by reduced headcount as a result of the 2022 restructuring, and amortization expense decreased $4.4 million $6 million. This was partially offset by an increase in professional fees of $1.1 million $1.6 million.

General and administrative

General and administrative costs were $58.2 million $78.1 million for the six nine months ended June 30, 2023 September 30, 2023, compared to $119.6 million $140.5 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease of $61.4 million $62.5 million was primarily driven by a decrease in employee related expenses of $72.7

million $76.3 million, primarily attributable to a $62.7 million $64.1 million decrease in stock-based compensation expense. The decrease in stock-based compensation was primarily driven by the 2022 cancellation of performance stock units previously granted to the CEO without a concurrent grant or offer of a replacement award. As such, the Company recorded the remaining unrecognized compensation costs related to the award during the six nine months ended June 31, 2022 September 30, 2022. Other employment employee related costs expenses decreased $10.0 million $12.1 million due to a reduction in headcount, as a result of the restructuring that occurred in the second quarter of 2022. Additionally, insurance and other general expenses cost decreased $1.7 million and $0.4 million, respectively. by $2.6 million. The decreases were offset by increases in legal fees $5.9 million $8.4 million, temporary staffing $4.5 million $5.3 million and professional fees $3.0 million $3.3 million.

Impairment of intangible assets and other charges

Impairment charges were $0.5 million for the nine months ended September 30, 2023, compared to nine months ended September 30, 2022. The decrease of $50.8 million was primary related to impairment of the intangible assets.

Gain on extinguishment of debt

The gain on debt extinguishment of $15.2 million for the six nine months ended June 30, 2023 September 30, 2023 was related to the 2021 Senior Secured Notes. Refer to Note 6, Long-Term Debt, of the notes to the consolidated financial statements for further discussion.

Interest expense, net

Interest expense, net was $5.2 million $7.5 million for the six nine months ended June 30, 2023 September 30, 2023, compared to $15.8 million $22.1 million for the six nine months ended June 30, 2022 September 30, 2022. The decrease of $10.5 million was $14.6 million primary driven by a $6 million decrease in interest expense as a result of the redemption of a portion of the principal amount of the 2021 Senior Secured Notes in the third quarter of 2022 and the repurchase of debt in the second quarter of 2023. Additionally, interest income decreased $4.5 million due to the maturation of investment securities.

Change in fair value common stock of warrant liabilities

The change in fair value of warrant liabilities was $0.2 million $0.3 million for the six nine months ended June 30, 2023 September 30, 2023, compared to $5.5 million $5.4 million for the six nine months ended June 30, 2022 September 30, 2022. Refer to Note 4, Fair Value Measurement, of the notes to the condensed consolidated financial statements for further discussion.

Other income, (expense), net

Other income was $0.1 million for the six nine months ended June 30, 2023 September 30, 2023, compared to other expense of $0.1 million $0.4 million for the six nine months ended June 30, 2022 September 30, 2022. The increase decrease of $0.2 million $0.3 million was primarily driven by changes in foreign currency rates.

Provision for (benefit from) income taxes

Provision for income taxes was $0.1 million $0.2 million for the six nine months ended June 30, 2023 September 30, 2023, compared to a benefit of $0.4 $0.5 million for the six nine months ended June 30, 2022 September 30, 2022. The increase of $0.4 million $0.7 million was primarily driven by the reversal of net deferred tax liabilities related to the acquisition of Aarki in the prior period.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the following non-GAAP measure is useful in evaluating our operational performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken

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collectively with GAAP financial information, may be helpful to investors in assessing our operating performance. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP.

Adjusted EBITDA

"Adjusted EBITDA" is defined as net income (loss), excluding interest income (expense), net; change in fair value of common stock warrant liabilities; other income (expense), net; provision for (benefit from) income taxes; depreciation and amortization; stock-based compensation expense and related payroll tax expense; and certain other non-cash or non-recurring

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items impacting net loss from time to time, including, but not limited to impairment charges, loss contingency accruals, restructuring charges and one-time nonrecurring expenses, as they are not indicative of business operations. Adjusted EBITDA is intended as a supplemental measure of our performance that is neither required by, nor presented in accordance with, GAAP. 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. 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. However, you should be aware that when evaluating Adjusted EBITDA, we may incur future expenses similar to those excluded when calculating this measure. In addition, our presentation of this measure should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies may not calculate Adjusted EBITDA in the same fashion.

Because of these limitations, Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA on a supplemental basis. You should review the reconciliation of net loss to Adjusted EBITDA below and not rely on any single financial measure to evaluate our business.

The following table reconciles net loss to Adjusted EBITDA for the periods indicated (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		N
		2023	2022	2023	2022		2023	2022	
Net loss	Net loss	$ (21,987)	$ (62,611)	$ (57,581)	$ (212,175)	Net loss	$ (33,545)	$ (83,225)	$
Interest expense, net	Interest expense, net	1,712	7,596	5,207	15,753	Interest expense, net	2,279	6,360	
Stock-based compensation(1)	Stock-based compensation(1)	14,644	13,431	25,192	91,310	Stock-based compensation(1)	12,440	6,058	
Change in fair value of common stock warrant liabilities	Change in fair value of common stock warrant liabilities	(152)	(1,023)	(151)	(5,485)	Change in fair value of common stock warrant liabilities	(127)	80	
Provision for (benefit from) income taxes	Provision for (benefit from) income taxes	10	(155)	79	(367)	Provision for (benefit from) income taxes	9	(120)	
Depreciation and amortization	Depreciation and amortization	745	5,846	1,372	11,384	Depreciation and amortization	486	4,587	
Gain on extinguishment of debt	Gain on extinguishment of debt	(15,205)	—	(15,205)	—	Gain on extinguishment of debt	—	(2,553)	
Other income (expense), net		(11)	82	(50)	109				
Restructuring charges(2)		—	2,933	—	2,933				
Other income, net						Other income, net	(48)	(508)	
Impairment charges(2)						Impairment charges(2)	—	51,230	
Restructuring charges(3)						Restructuring charges(3)	—	1,897	
One-time nonrecurring expenses(3) (4)	One-time nonrecurring expenses(3) (4)	—	(93)	—	26	One-time nonrecurring expenses(3) (4)	—	—	
Adjusted EBITDA	Adjusted EBITDA	$ (20,244)	$ (33,994)	$ (41,137)	$ (96,512)	Adjusted EBITDA	$ (18,506)	$ (16,194)	$

(1) For the six nine months ended June 30, 2022 September 30, 2022, amount includes stock-based compensation recognized for the cancellation of the Chief Executive Officers' Officer' award of 805,977 805,000 performance share units granted on September 14, 2021 (the "CEO Performance Stock Units").

(2) For the three and six nine months ended June 30, 2022 September 30, 2022, amount includes impairment of intangible assets related to the developed technology and customer relationships for our Aarki acquisition.

(3) For the three and nine months ended September 30, 2022, amount includes restructuring charges related to employee termination benefits.

(3) (4) For the three and six nine months ended June 30, 2022 September 30, 2022, amounts represent one-time nonrecurring expenses related to IPO bonuses for certain employees, net of amounts forfeited by terminated employees.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily from the sales of capital stock. As of June 30, 2023 September 30, 2023, our principal sources of liquidity were our cash and cash equivalents in the amount of $324.8 million $330.2 million, which are primarily invested in money market funds and marketable securities with maturities of less than three months, and marketable securities in the amount of $33.4 6.9 million.

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As of June 30, 2023 September 30, 2023, the Company had 226,786 Private Warrants outstanding. During the six nine months ended June 30, 2023 September 30, 2023, there was no exercise of any Private Warrants.

In December 2021, the Company offered $300 million in aggregate principal senior secured notes due 2026 in a private offering. The notes were sold in a private placement to qualified institutional buyers. Annual interest started to accrue from December 20, 2021 at a stated rate of 10.25% and will be payable semiannually on June 15 and December 15 of each year, beginning on June 15, 2022. The notes will mature on December 15, 2026. We used the net proceeds from the offering for general corporate purposes, which included investments in marketable securities classified as available-for-sale. We may also use the proceeds for potential acquisitions of other companies, products, or technologies that we may identify in the future. The notes contain customary covenants restricting our and certain of our subsidiaries' ability to incur debt, incur liens, make

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distributions to holders of our stock, make certain transactions with our affiliates, as well as certain financial covenants specified in the indentures. After giving effect to the September 1, 2022 and the 2023 open market repurchases, as of June 30, 2023 September 30, 2023, $129.7 million of the senior secured notes remained outstanding. We were in compliance with all covenants applicable to the notes as of June 30, 2023 September 30, 2023.

Our existing liquidity resources are sufficient to continue operating activities for at least one year past the issuance date of the condensed consolidated financial statements. Our future cash requirements will depend on many factors, including our rate of revenue growth and the expansion of our sales and marketing activities. We also may invest in or acquire complementary businesses, applications or technologies.

The following table provides a summary of cash flow data (in thousands):

		Six Months Ended June 30,			Nine Months Ended September 30,	
		2023	2022		2023	2022
Net cash used in operating activities	Net cash used in operating activities	$ (41,057)	$ (145,014)	Net cash used in operating activities	$ (59,486)	$ (166,784)
Net cash provided by investing activities	Net cash provided by investing activities	$ 139,758	$ 76,312	Net cash provided by investing activities	$ 163,744	$ 176,041
Net cash used in financing activities	Net cash used in financing activities	$ (136,182)	$ (2,641)	Net cash used in financing activities	$ (136,616)	$ (10,737)

Cash Flows from Operating Activities

Our cash flows from operating activities are significantly affected by the growth of our business primarily related to research and development, sales and marketing, and general and administrative activities. Our operating cash flows are also affected by our working capital needs to support growth in personnel-related expenditures and fluctuations in accounts payable and other current assets and liabilities.

Net cash used in operating activities was $41.1 million $59.5 million for the six nine months ended June 30, 2023 September 30, 2023. The most significant component of our cash used during this period was a net loss of $57.6 million $85.8 million, which included non-cash expenses of $25.2 million $33.6 million related to stock-based compensation which was offset by the gain on debt extinguishment of $15.2 million related to the open market repurchases of our senior notes during the months ended June 30, 2023 second quarter of 2023 and partially offset by net cash inflows of $2.8 million $3.3 million from changes in operating assets and liabilities. The net cash inflows from changes of operating assets and liabilities were primarily the result of increases in other liabilities of $5.4 million $8.3 million and accounts payable of $2.5 million $0.7 million. These cash inflows were slightly offset by decreases in accounts receivable of $2.5 million $2.1 million and of $1.8 million $1.9 million in prepaid expenses and other assets, respectively.

Cash Flows from Investing Activities

Net cash provided by investing activities was $139.8 million $163.7 million for the six nine months ended June 30, 2023 September 30, 2023. The net cash provided by investing activities included $52.5 million $56.6 million in proceeds from sales of marketable securities and $98.9 million $121.2 million in proceeds from maturities of marketable securities which were partially offset by purchase of an office building of $11.6 million $12.1 million in Las Vegas, Nevada

Cash Flows from Financing Activities

Net cash used in financing activities was $136.2 million $136.6 million for six nine months ended June 30, 2023 September 30, 2023, which was primarily due to principal payments on extinguishment of debt.

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Contractual Obligations and Commitments

Our material cash requirements include the following contractual and other obligations.

Leases

We have operating lease arrangements for office space, and finance lease agreements for certain network equipment. As of June 30, 2023 September 30, 2023, we had lease payment obligations of$20.5 million, $19.1 million, of which $4.4 million $3.7 million is payable within 12 months.

Secured Notes and Term Loan

Refer to “Liquidity and Capital Resources” under Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Form 10-Q for more information.

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Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

See critical accounting policies and estimates in our Annual Report as there have been no material changes.

Recent Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, to our condensed consolidated financial statements for more information about recent accounting pronouncements, the timing of their adoption, and our assessment, to the extent we have made one, of their potential impact on our financial condition and our results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market and other risks, including the effects of changes in interest rates, inflation, as well as risks to the availability of funding sources.

Interest Rate Risk

The market risk inherent in our financial instruments and our financial position represents the potential loss arising from adverse changes in interest rates. As of June 30, 2023 September 30, 2023, we had cash and cash equivalents of $324.8 million $330.2 million, which consisted of money market fund accounts and commercial papers for which the fair market value would be affected by changes in the general level of U.S. interest rates. As of June 30, 2023 September 30, 2023, we had marketable securities of $33.4 million $6.9 million, which primarily consisted of corporate debt and asset backed securities, for which the fair market value would be affected by changes in the general level of interest rates. We limit the amount of credit exposure to any one issuer. Our investments carry a degree of interest rate risk. However, due to the low-risk profile of our investments, an immediate 10% change in interest rates would not have a material effect on the fair market value of our cash and cash equivalents and marketable securities.

Foreign Currency Risk

There was no material foreign currency risk for the six nine months ended June 30, 2023 September 30, 2023 and 2022.

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ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act), as of June 30, 2023 September 30, 2023, the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were not effective as a result of previously disclosed material weaknesses in our internal control over financial reporting as described below.

Notwithstanding the material weaknesses, management has concluded that our condensed consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in this Form 10-Q, in conformity with GAAP.

Material Weaknesses

As previously disclosed in our management’s report on internal control over financial reporting within then Annual Report we identified material weaknesses in our internal control over financial reporting with respect to the following:

1. Risk assessment
2. Information technology general controls
3. Internal control over accounting processes

Risk Assessment

We were unable to maintain an effective risk assessment process based on the criteria established in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. The Company's risk assessment process did not adequately identify financial statement risks related to the Company's exposure to indirect taxes that impacted the indirect tax liability in our December 31, 2022 consolidated balance sheet and resulted in a restatement of our previously issued consolidated financial statements. In addition, we did not timely identify third party service organizations on which we rely that were not planning to issue System Organization Controls (SOC) reports, or issued SOC reports with qualified opinions. Consequently, we did not implement mitigating internal controls to adequately respond to the related financial statement risks. As of June 30, 2023 September 30, 2023, the risk assessment-related material weakness remediation efforts were not completed and, therefore, the material weakness previously identified continued to exist as of June 30, 2023 September 30, 2023.

Information Technology General Controls (ITGCs)

ITGCs in the areas of access and program change over information technology (IT) systems that support the Company's financial reporting processes were not designed or operating effectively. Specifically, the Company did not maintain sufficient: (a) user access controls to ensure appropriate segregation of duties and adequately restrict user and privileged access to financial applications, programs, and data to appropriate Company personnel; (b) program change management controls to ensure that IT program and data changes affecting financial information technology applications and underlying records are identified, tested, authorized, and implemented appropriately. As a result, the Company's related IT dependent manual and application controls that rely upon the affected ITGCs, or information coming from IT systems with affected ITGCs were also deemed ineffective. As of June 30, 2023 September 30, 2023, the ITGC-related material weakness remediation efforts were not completed and, therefore, the material weakness previously identified continued to exist as of June 30, 2023 September 30, 2023.

Internal Controls Over Accounting Processes

Controls designed to properly evaluate certain accounting processes, including where management review was involved, did not operate effectively due to the lack of sufficient documentation or evidence retained to demonstrate management's review across accounting processes. In addition, as noted in the Risk Assessment section above, we were unable to design and implement controls to prevent and detect misstatements across several accounting processes, including related to the Company's accounting for its end-user liability balance in our December 31, 2022 balance sheet, and resulted in a restatement of our previously issued consolidated financial statements. The material weakness remediation efforts for the foregoing were not completed as of June 30, 2023 September 30, 2023. Therefore, there continued to be insufficient documentation or evidence retained to demonstrate management's review across accounting processes as of June 30, 2023 September 30, 2023.

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Remediation of Material Weaknesses

In 2023, our Our remediation efforts will include the following:

- Creation of a Steering Committee that will oversee a material weaknesses remediation working group, establish organizational priorities and identify and allocate resources needed for the remediation of control deficiencies underlying the material weaknesses discussed above.
- Augmentation of personnel and resources involved in the design and performance of internal control over financial reporting as deemed necessary by the working group and by the Steering Committee.
- Redesign controls around end-user liability and implement additional controls around indirect taxes. Specifically:
    - Our existing controls around end-user liability did not reconcile the balance between our general ledger system and subledger system that tracks player activity. We will alter the design of our controls to ensure we reconcile the player liability balance between the two systems, and that all differences are understood and/or recorded accurately.
    - We will implement additional controls to ensure we have regular communication with our tax service providers to ensure any tax exposure that could be material to the financial statements is understood, calculated, and recorded in a timely manner.
- Continuation of internal control enhancements started in 2022 related to ITGCs and Internal Controls over Accounting Processes:
    - ITGC: renew emphasis on designing and implementing improved processes and controls for requesting, authorizing, and reviewing user access to key information systems which impact our financial reporting. This will include the addition of new control activities associated with user access provisioning within key applications, as well as certain controls which review user access and activity logs. Additionally, redesigning permissions associated with role-based access to the general ledger as well as designing and implementing compensating controls. We will also design and implement improved processes and controls over program changes within key information systems which impact our financial reporting.
    - Internal Controls over Accounting Processes: reinforcing management review control training for the accounting department to strengthen documentation and retention of evidence to be commensurate with risks associated with accounting processes involving complexity, subjectivity, and estimation uncertainties for specific transactions.

We believe that these remediation actions, when fully implemented, will remediate the material weaknesses we have identified and strengthen our internal control over financial reporting. However, material weaknesses are not considered remediated until the new controls have been operational for a sufficient period of time, are tested, and management concludes that these controls are operating effectively. We are committed to the continuous improvement of our internal control over financial reporting. As we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address control deficiencies, or we may modify, or, in appropriate circumstances, not complete certain of the remediation work described above.

Changes in Internal Control over Financial Reporting

Except as noted above associated with the material weaknesses and corresponding remediation procedures as described above, there was no change in our internal control over financial reporting during the second third quarter of 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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PART II

ITEM 1. LEGAL PROCEEDINGS

Refer to Note 7, "Contingencies and Commitments," in this Form 10-Q.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	Form	Exhibit	Filing Date
3.1*	Fourth Amended and Restated Certificate of Incorporation			
10.1*	Amendment No. 1 to the Skillz Inc. 2020 Employee Stock Purchase Plan			
10.2*	Amendment No. 1 to the Skillz Inc. 2020 Omnibus Incentive Plan			
10.3*	Amendment No. 1 to the Aarki, Inc. 2010 Stock Plan			
10.4	Advisory Agreement, dated June 2, 2023, between Skillz Inc. and Charlotte Edelman	8-K	10.1	6/2/2023
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
101.SCH**	Inline XBRL Taxonomy Extension Schema Document			
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document			

101.DEF**	Inline XBRL Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

Exhibit No.	Exhibit Description	Form	Exhibit	Filing Date
3.1*	Certificate of Correction to the Fourth Amended and Restated Certificate of Incorporation	8K		10/24/2023
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
101.SCH**	Inline XBRL Taxonomy Extension Schema Document			
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF**	Inline XBRL Definition Linkbase Document			
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document			
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

*Filed herewith.
**Submitted electronically with the report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the eighth day of August, November, 2023.

SKILLZ INC.

By:	/s/ Andrew Paradise
Name:	Andrew Paradise
Title:	Chief Executive Officer and Chairman
By:	/s/ Jason Roswig
Name:	Jason Roswig
Title:	President and Chief Financial Officer

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FOURTH AMENDED Delaware The First State Page 1 7801471 8100 Authentication: 204415373 SR# 20233776630 Date: 10-20-23 You may verify this certificate online at corp.delaware.gov/authver.shtml I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE RESTATED CORRECT COPY OF THE INCORPORATION CORRECTION SKILLZ "SKILLZ Skillz Inc. " a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), hereby certifies as follows: 1. The original name of the corporation was Flying Eagle Acquisition Corp. and the date of the filing of its original certificate of incorporation with the Secretary of State of the State of Delaware was January 15, 2020. 2. This Fourth Amended and Restated Certificate of Incorporation, which restates, integrates and further amends the certificate of incorporation of this corporation as heretofore amended and restated, has been duly adopted by the corporation in accordance with Sections 242 and 245 of the DGCL. 3. The certificate of incorporation of this corporation is hereby amended and restated in its entirety to read as follows: ARTICLE I NAME The name of the corporation is "Skillz Inc." (hereinafter called the "Corporation"). ARTICLE II REGISTERED FILED IN THIS AND AGENT The address of the Corporation's registered office in the State of Delaware is c/o Corporation Service Company, 251 Little Falls Drive, Wilmington New Castle County, Delaware 19808. The name of its registered agent at such address is Corporation Service Company. ARTICLE III PURPOSE The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware or any applicable successor act thereto, as the same may be amended from time to time (the "DGCL"). ARTICLE IV CAPITAL STOCK The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 41,250,000 shares, consisting of (a) 31,250,000 shares of Common Stock, par value $0.0001 per share ("Common Stock"), including (i) 25,000,000 shares of Class A Common Stock, par value $0.0001 per share ("Class A Common Stock"), and (ii) 6,250,000 shares of Class B Common Stock, par value $0.0001 per share ("Class B Common Stock"), and (b) 10,000,000 shares of Preferred Stock, par value $0.0001 per share ("Preferred Stock"). The number of authorized shares of Class A Common Stock, Class B Common Stock or Preferred Stock may be increased or decreased (but not below (i) the number of shares thereof then outstanding and (ii) with respect to the Class A Common Stock, the number of shares of Class A Common Stock reserved pursuant to Section 8 of Part A of this Article IV) by the affirmative vote of the holders of capital stock representing a majority of the voting power of all the then outstanding shares of capital stock of the

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Effective as of the effectiveness of the Certificate of Amendment of the Amended and Restated Certificate of Incorporation filed on June 23, 2023, with the Office of the Secretary of State of the State of Delaware (the "Reverse Stock Split Effective Time"), a one-for-20 reverse stock split of the Corporation's Common Stock shall become effective, pursuant to which (i) each 20 shares of Class A Common Stock issued and outstanding (and held in treasury) immediately prior to the Reverse Stock Split Effective Time shall be automatically reclassified and combined into one validly issued, fully-paid and non-assessable share of Class A Common Stock and shall represent one share of Class A Common Stock from and after the Reverse Stock Split Effective Time and (ii) each 20 shares of Class B Common Stock issued and outstanding (and held in treasury) immediately prior to the Reverse Stock Split Effective Time shall be automatically reclassified and combined into one validly issued, fully-paid and non-assessable share of Class B Common Stock and shall represent one share of Class B Common Stock from and after the Reverse Stock Split Effective Time, in each case, as authorized by this Article IV without any action by the Corporation or the holder thereof upon the Reverse Stock Split Effective Time(such reclassification and combination of shares as described in clauses (i) and (ii), the "Reverse Stock Split"). Notwithstanding the prior sentence, no fractional shares shall be issued at the Reverse Stock Split Effective Time as a result of the Reverse Stock Split and, in lieu thereof, any stockholder who would have been entitled to receive a fractional share as a result of the Reverse Stock Split will receive cash payments in lieu of such fractional shares in an amount equal to the fraction of one share to which such stockholder would otherwise be entitled multiplied by the closing price of our Common Stock on the NYSE on the date on which the Effective Time of the Reverse Stock Split occurs. Each stock certificate that, immediately prior to the Reverse Stock Split Effective Time, represented shares of Class A Common Stock or Class B Common Stock that were issued and outstanding immediately prior to the Reverse Stock Split Effective Time shall, from and after the Reverse Stock Split Effective Time, automatically and without the necessity of presenting the same for exchange, represent that the number of whole shares of Class A Common Stock or Class B Common Stock, as applicable, after the Reverse Stock Split Effective Time into which the shares of Class A Common Stock or Class B Common Stock, as applicable, formerly represented by such certificate shall have been reclassified in the Reverse Stock Split, provided, however, that each person of record holding a certificate that represented shares of Class A Common Stock or Class B Common Stock that were issued and outstanding immediately prior to the Reverse Stock Split Effective Time shall receive, upon surrender of such certificate, a new certificate evidencing and representing the number of whole shares of Class A Common Stock or Class B Common Stock, as applicable, after the Reverse Stock Split Effective Time into which the shares of Class A Common Stock or Class B Common Stock, as applicable, formerly represented by such certificate shall have been reclassified in the Reverse Stock Split. A. CLASS A COMMON STOCK AND CLASS B COMMON STOCK. Unless otherwise indicated, references to "Sections" or "Subsections" in this Part A of this Article IV refer to sections and subsections of Part A of this Article IV. 1. Equal Status; General. Except as otherwise provided in this Fourth Amended and Restated Certificate of Incorporation (as amended and/or restated from time to time, including pursuant to any Preferred Stock Designation (as defined below), this "Amended and Restated Certificate of Incorporation") or required by applicable law, shares of Class A Common Stock and Class B Common Stock shall have the same rights, privileges and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution, distribution of assets or winding up of the Corporation), share ratably and be identical in all respects and as to all matters. The voting, dividend, liquidation and other rights, powers and preferences of the holders of Class A Common Stock and Class B Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock of any series as may be designated by the Board of Directors of the Corporation (the "Board") upon any issuance of the Preferred Stock of any series. 2. Voting. Except as otherwise required by applicable law, at all meetings of stockholders and on all matters submitted to a vote of stockholders of the Corporation generally, each holder of Class A Common Stock, as such, shall have the right to one (1) vote per share of Class A Common Stock held of record by such holder and each holder of Class B Common Stock, as such, shall have the right to twenty (20) votes per share of Class B Common Stock held of record by such holder. Except as otherwise required by applicable law or provided in this Amended and Restated Certificate of Incorporation, the holders of shares of Class A Common Stock and Class B Common Stock, as such, shall (a) at all times vote together as a single class on all matters (including the election of directors) submitted to a vote of the stockholders of the Corporation generally, (b) be entitled to notice of any stockholders' meeting in accordance with the Amended and Restated Bylaws of the Corporation, as the same may be amended 2 AmericasActive:18729021.4

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and/or restated from time to time (the “Bylaws”), and (c) be entitled to vote upon such matters and in such manner as may be provided by applicable law; provided, however, that, except as otherwise required by applicable law, holders of Class A Common Stock and Class B Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series of Preferred Stock are exclusively entitled, either separately or together with the holders of one or more other such series of Preferred Stock, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation or applicable law. There shall be no cumulative voting. 3. Dividend and Distribution Rights. Shares of Class A Common Stock and Class B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any dividends or distributions as may be declared and paid from time to time by the Board out of any assets of the Corporation legally available therefor; provided, however, that in the event a dividend is paid in the form of shares of Class A Common Stock or Class B Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares), then holders of Class A Common Stock shall be entitled to receive shares of Class A Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), and holders of Class B Common Stock shall be entitled to receive shares of Class B Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), with holders of shares of Class A Common Stock and Class B Common Stock receiving, on a per share basis, an identical number of shares of Class A Common Stock or Class B Common Stock (or rights to acquire, or securities convertible into or exchangeable for, such shares, as the case may be), as applicable. Notwithstanding the foregoing, the Board may pay or make a disparate dividend or distribution per share of Class A Common Stock or Class B Common Stock (whether in the amount of such dividend or distribution payable per share, the form in which such dividend or distribution is payable, the timing of the payment, or otherwise) if such disparate dividend or distribution is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class. 4. Subdivisions, Combinations or Reclassifications. Shares of Class A Common Stock or Class B Common Stock may not be subdivided, combined or reclassified unless the shares of the other class is concurrently therewith proportionately subdivided, combined or reclassified in a manner that maintains the same proportionate equity ownership between the holders of the outstanding Class A Common Stock and Class B Common Stock on the record date for such subdivision, combination or reclassification; provided, however, that shares of one such class may be subdivided, combined or reclassified in a different or disproportionate manner if such subdivision, combination or reclassification is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class. 5. Liquidation, Dissolution or Winding Up. Subject to the preferential or other rights of any holders of Preferred Stock then outstanding, upon the dissolution, distribution of assets, liquidation or winding up of the Corporation, whether voluntary or involuntary, holders of Class A Common Stock and Class B Common Stock will be entitled to receive ratably all assets of the Corporation available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution, distribution of assets or winding up is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class. 6. Certain Transactions. 6.1 Merger or Consolidation. In the case of any distribution or payment in respect of the shares of Class A Common Stock or Class B Common Stock, or any consideration into which such shares are converted, upon the consolidation or merger of the Corporation with or into any other entity, such distribution, payment or consideration that the holders of shares of Class A Common Stock or Class B Common Stock have the right to receive, or the right to elect to receive, shall be made ratably on a per share basis among the holders of the Class A Common Stock and Class B Common Stock as a single class; provided, however, that shares of such classes may receive, or have the right to elect to receive, different or disproportionate distribution, payment or consideration in connection with such consolidation, merger or other transaction in order to reflect the special rights, powers and privileges of holders of shares of Class B Common Stock under this Amended and Restated Certificate of 3 AmericasActive:18729021.4

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Incorporation (which may include, without limitation, securities distributable to the holders of, or issuable upon the conversion of, each share of Class B Common Stock outstanding immediately prior to such transaction having up to twenty (20) times the voting power of any securities distributable to the holders of, or issuable upon the conversion of, each share of Class A Common Stock outstanding immediately prior to such transaction) or such other rights, powers, privileges or other terms that are no more favorable, in the aggregate, to the holders of the Class B Common Stock relative to the holders of the Class A Common Stock than those contained in this Amended and Restated Certificate of Incorporation. 6.2 Third-Party Tender or Exchange Offers. The Corporation may not enter into any agreement pursuant to which a third party may by tender or exchange offer acquire any shares of Class A Common Stock or Class B Common Stock unless the holders of (a) the Class A Common Stock shall have the right to receive, or the right to elect to receive, the same form of consideration and the same amount of consideration on a per share basis as the holders of the Class B Common Stock would receive, or have the right to elect to receive, and (b) the Class B Common Stock shall have the right to receive, or the right to elect to receive, the same form of consideration and the same amount of consideration on a per share basis as the holders of the Class A Common Stock would receive, or have the right to elect to receive; provided, however, that shares of such classes may receive, or have the right to elect to receive, different or disproportionate consideration in connection with such tender or exchange offer in order to reflect the special rights, powers and privileges of the holders of shares of the Class B Common Stock under this Amended and Restated Certificate of Incorporation (which may include, without limitation, securities exchangeable for each share of Class B Common Stock having up to twenty (20) times the voting power of any securities exchangeable for each share of Class A Common Stock) or such other rights, powers, privileges or other terms that are no more favorable, in the aggregate, to the holders of the Class B Common Stock relative to the holders of the Class A Common Stock than those contained in this Amended and Restated Certificate of Incorporation. 7. Conversion. 7.1 Optional Conversion of Class B Common Stock. Each share of Class B Common Stock shall be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time upon written notice to the Corporation (an "Optional Class B Conversion Event"). Before any holder of Class B Common Stock shall be entitled to convert any shares of Class B Common Stock into shares of Class A Common Stock, such holder shall surrender the certificate or certificates therefor (if any), duly endorsed, at the principal corporate office of the Corporation or of any transfer agent for the Class B Common Stock, and shall provide written notice to the Corporation at its principal corporate office, of such conversion election and shall state therein the name or names (i) in which the certificate or certificates representing the shares of Class A Common Stock into which the shares of Class B Common Stock are so converted are to be issued (if such shares of Class A Common Stock are certificated) or (ii) in which such shares of Class A Common Stock are to be registered in book-entry form (if such shares of Class A Common Stock are uncertificated). If the shares of Class A Common Stock into which the shares of Class B Common Stock are to be converted are to be issued in a name or names other than the name of the holder of the shares of Class B Common Stock being converted, such notice shall be accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates representing the number of shares of Class A Common Stock to which such holder shall be entitled upon such conversion (if such shares of Class A Common Stock are certificated) or shall register such shares of Class A Common Stock in book-entry form (if such shares of Class A Common Stock are uncertificated). Such conversion shall be deemed to be effective immediately prior to the close of business on the date of such surrender of the shares of Class B Common Stock to be converted following or contemporaneously with the provision of written notice of such conversion election as required by this Subsection 7.1, the shares of Class A Common Stock issuable upon such conversion shall be deemed to be outstanding as of such time, and the Person or Persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be deemed to be the record holder or holders of such shares of Class A Common Stock as of such time. Notwithstanding anything herein to the contrary, shares of Class B Common Stock represented by a lost, stolen or destroyed stock certificate may be converted pursuant to an Optional Class B Conversion Event if the holder thereof notifies the Corporation or its transfer agent that such certificate has been lost, stolen or destroyed and makes an affidavit of that fact acceptable to the Corporation and executes an 4 AmericasActive:18729021.4

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agreement acceptable to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificate. 7.2 Automatic Conversion of Class B Common Stock. To the extent set forth below, each applicable share of Class B Common Stock shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the occurrence of an event described below (a “Mandatory Class B Conversion Event”): (a) Transfers. Each share of Class B Common Stock that is subject to a Transfer (as defined in Section 10), other than a Permitted Transfer (as defined in Section 10), shall automatically, without further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the occurrence of such Transfer (other than a Permitted Transfer). (b) Reduction in Voting Power. Each outstanding share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the first date on which the Founder, together with all other Qualified Stockholders, collectively cease to beneficially own at least 20% of the number of shares of Class B Common Stock (as such number of shares is equitably adjusted in respect of any reclassification, stock dividend, subdivision, combination or recapitalization of the Class B Common Stock) collectively held by the Founder and his Permitted Transferees as of the Effective Date. (c) Affirmative Vote. Each outstanding share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, convert into one (1) fully paid and nonassessable share of Class A Common Stock upon the date specified by the affirmative vote of the holders of at least two-thirds (2/3) of the then outstanding shares of Class B Common Stock, voting as a separate class. 7.3 Certificates. Each outstanding stock certificate (if shares are in certificated form) that, immediately prior to the occurrence of a Mandatory Class B Conversion Event, represented one or more shares of Class B Common Stock subject to such Mandatory Class B Conversion Event shall, upon such Mandatory Class B Conversion Event, be deemed to represent an equal number of shares of Class A Common Stock, without the need for surrender or exchange thereof. The Corporation shall, upon the request of any holder whose shares of Class B Common Stock have been converted into shares of Class A Common Stock as a result of an Optional Class B Conversion Event or a Mandatory Class B Conversion Event (either of the foregoing, a “Conversion Event”) and upon surrender by such holder to the Corporation of the outstanding certificate(s) formerly representing such holder’s shares of Class B Common Stock, if any (or, in the case of any lost, stolen or destroyed certificate, upon such holder providing an affidavit of that fact acceptable to the Corporation and executing an agreement acceptable to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificate), issue and deliver to such holder (or such other Person specified pursuant to Subsection 7.1) certificate(s) representing the shares of Class A Common Stock into which such holder’s shares of Class B Common Stock were converted as a result of such Conversion Event (if such shares are certificated) or, if such shares are uncertificated, register such shares in book-entry form. Each share of Class B Common Stock that is converted pursuant to Subsection 7.1 or 7.2 shall thereupon automatically be retired and shall not be available for reissuance. 7.4 Policies and Procedures. The Corporation may, from time to time, establish such policies and procedures, not in violation of applicable law or the other provisions of this Amended and Restated Certificate of Incorporation or Bylaws of the Corporation, relating to the conversion of the Class B Common Stock into Class A Common Stock, as it may deem necessary or advisable in connection therewith (it being understood, for the avoidance of doubt, that this sentence shall not authorize or empower the Corporation to expand upon the events that constitute a Mandatory Class B Conversion Event). If the Corporation has reason to believe that a Transfer or other Conversion Event giving rise to a conversion of shares of Class B Common Stock into Class A Common Stock has occurred but has not theretofore been reflected on the books of the Corporation (or in book-entry as maintained by the transfer agent of the Corporation), the Corporation may request that the holder of such shares furnish affidavits or other evidence to the Corporation as the Corporation deems necessary to determine whether a conversion of shares of Class B Common Stock to Class A Common Stock has occurred, and if such holder does not within ten (10) days after the date of such request furnish sufficient evidence to the Corporation (in the manner provided in the 5 AmericasActive:18729021.4

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request) to enable the Corporation to determine that no such conversion has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock and the same shall thereupon be registered on the books and records of the Corporation (or in book-entry as maintained by the transfer agent of the Corporation). In connection with any action of stockholders taken at a meeting, the stock ledger of the Corporation (or in book-entry as maintained by the transfer agent of the Corporation) shall be presumptive evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders and the class or classes or series of shares held by each such stockholder and the number of shares of each class or classes or series held by such stockholder. 8. Reservation of Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of Class B Common Stock, such number of shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock into shares of Class A Common Stock. 9. Protective Provisions. Unless such action is first approved by the affirmative vote (or written consent) of the holders of two-thirds (2/3rd) of the then-outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law, this Amended and Restated Certificate of Incorporation or the Bylaws, prior to the Final Conversion Date, the Corporation shall not, whether by merger, consolidation, certificate of designation or otherwise (i) amend, alter, repeal or waive any provision of Part A of this Article IV (or adopt any provision inconsistent therewith), or (ii) except for the shares of Class B Common Stock issued pursuant to the Merger and as provided in Section 10 below, authorize, or issue any shares of, any class or series of capital stock of the Corporation entitling the holder thereof to more than (1) vote for each share thereof or entitling any class or series of securities to designate or elect directors as a class or series separate from the Class A Common Stock and Class B Common Stock. 10. Issuance of Additional Shares. From and after the Effective Date, additional shares of Class B Common Stock may be issued only to a Qualified Stockholder. 11. Definitions. For purposes of this Amended and Restated Certificate of Incorporation: “Change of Control Transaction” means (i) the sale, lease, exchange, or other disposition (other than liens and encumbrances created in the ordinary course of business, including liens or encumbrances to secure indebtedness for borrowed money that are approved by the Board, so long as no foreclosure occurs in respect of any such lien or encumbrance) of all or substantially all of the Corporation’s property and assets (which shall for such purpose include the property and assets of any direct or indirect subsidiary of the Corporation), provided that any sale, lease, exchange or other disposition of property or assets exclusively between or among the Corporation and any direct or indirect subsidiary or subsidiaries of the Corporation shall not be deemed a “Change of Control Transaction”; (ii) the merger, consolidation, business combination, or other similar transaction of the Corporation with any other entity, other than a merger, consolidation, business combination, or other similar transaction that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation and more than fifty percent (50%) of the total number of outstanding shares of the Corporation’s capital stock, in each case as outstanding immediately after such merger, consolidation, business combination, or other similar transaction, and the stockholders of the Corporation immediately prior to the merger, consolidation, business combination, or other similar transaction continuing to own voting securities of the Corporation, the surviving entity or its parent immediately following the merger, consolidation, business combination, or other similar transaction in substantially the same proportions (vis a vis each other) as such stockholders owned of the voting securities of the Corporation immediately prior to the transaction; and (iii) a recapitalization, liquidation, dissolution, or other similar transaction involving the Corporation, other than a recapitalization, liquidation, dissolution, or other similar transaction that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation and more than fifty percent (50%) of the total number of outstanding shares of the Corporation’s capital stock, in each case as outstanding immediately after such recapitalization, liquidation, dissolution or other similar transaction, and the 6 AmericasActive:18729021.4

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stockholders of the Corporation immediately prior to the recapitalization, liquidation, dissolution or other similar transaction continuing to own voting securities of the Corporation, the surviving entity or its parent immediately following the recapitalization, liquidation, dissolution or other similar transaction in substantially the same proportions (vis a vis each other) as such stockholders owned of the voting securities of the Corporation immediately prior to the transaction. “Effective Date” means the date on which this Amended and Restated Certificate of Incorporation is first effective. “Family Member” means with respect to any natural person who is a Qualified Stockholder (a) the spouse of such Qualified Stockholder, (b) the parents, grandparents, lineal descendants, siblings or lineal descendants of siblings of such Qualified Stockholder or (c) the parents, grandparents, lineal descendants, siblings or lineal descendants of siblings of the spouse of such Qualified Stockholder. Lineal descendants shall include adopted persons, but only so long as they are adopted during minority. “Fiduciary” means a Person who (a) is an executor, personal representative, administrator, trustee, manager, managing member, general partner, director, officer or any other agent of a Person and (b) manages, controls or otherwise has decision-making authority with respect to such Person, but, in each case, only to the extent that such Person may be removed, directly or indirectly, by one or more Qualified Stockholders and replaced with another Fiduciary selected, directly or indirectly, by one or more Qualified Stockholders. “Final Conversion Date” means the date on which no shares of Class B Common Stock shall remain outstanding. “Founder” means Andrew Paradise. “Liquidation Event” means any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, or any Change of Control Transaction. “Merger” means the merger of FEAC Merger Sub Inc. with and into Skillz Inc. pursuant to that certain Agreement and Plan of Merger, dated as of September 1, 2020, by and among the Corporation, FEAC Merger Sub Inc., a Delaware corporation, Skillz Inc., a Delaware corporation and Andrew Paradise, solely in his capacity as the Stockholder Representative thereunder. “Parent” of an entity means any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity. “Permitted Entity” means: (a) a Permitted Trust for so long as such Permitted Trust is solely for the current benefit of a Qualified Beneficiary (and, for the avoidance of doubt, notwithstanding that a remainder interest in such Permitted Trust is for the benefit of any Person other than a Qualified Beneficiary); (b) any general partnership, limited partnership, limited liability company, corporation, public benefit corporation or other entity, in each case, for so long as such entity is exclusively owned, by (1) one or more Qualified Stockholders, (2) one or more Family Members of such Qualified Stockholders and/or (3) any other Permitted Entity of such Qualified Stockholders; (c) any foundation or similar entity or any Qualified Charity for so long as (i) one or more Qualified Stockholders continues to, directly or indirectly, exercise Voting Control over any shares of Class B Common Stock from time to time Transferred to such foundation or similar entity or Qualified Charity, and/or (ii) a Fiduciary of such foundation or similar entity or Qualified Charity exercises Voting Control over such shares of Class B Common Stock; 7 AmericasActive:18729021.4

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(d) an Individual Retirement Account, as defined in Section 408(a) of the Internal Revenue Code, or a pension, profit sharing, stock bonus or other type of plan or trust of which such Qualified Stockholder is a participant or beneficiary and which satisfies the requirements for qualification under Section 401 of the Internal Revenue Code for so long as such Qualified Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held in such account, plan or trust; (e) the executor or personal representative of the estate of a Qualified Stockholder upon the death of such Qualified Stockholder solely to the extent the executor or personal representative is acting in the capacity of executor or personal representative of such estate; (f) a revocable living trust, which revocable living trust is itself both a Permitted Trust and a Qualified Stockholder, during the lifetime of the natural person grantor of such trust; or (g) a revocable living trust (including any irrevocable administrative trust resulting from the death of the natural person grantor of such trust) which trust is itself both a Permitted Trust and a Qualified Stockholder, following the death of the natural person grantor of such trust, solely to the extent that such shares are held in such trust pending distribution to the beneficiaries designated in such trust. Except as explicitly provided for herein, a Permitted Entity of a Qualified Stockholder shall not cease to be a Permitted Entity solely by reason of the death of that Qualified Stockholder. “Permitted Transfer” means, and is restricted to, any Transfer of a share of Class B Common Stock: (h) by a Qualified Stockholder that is not a Permitted Entity to (i) one or more Family Members of such Qualified Stockholder, (ii) any Permitted Entity of such Qualified Stockholder, or (iii) any Permitted Entity of one or more Family Members of such Qualified Stockholder; (i) by a Permitted Entity of a Qualified Stockholder to (i) such Qualified Stockholder or one or more Family Members of such Qualified Stockholder, (ii) any other Permitted Entity of such Qualified Stockholder, or (iii) any Permitted Entity of one or more Family Members of such Qualified Stockholder; or (j) any Transfer approved in advance by the Board, or a duly authorized committee of the Board, upon a determination that such Transfer is not inconsistent with the purposes of the foregoing provisions of this definition of “Permitted Transfer.” For the avoidance of doubt, the direct Transfer of any share or shares of Class B Common Stock by a holder thereof to any other Person shall qualify as a “Permitted Transfer” within the meaning of this Section, if such Transfer could have been completed indirectly through one or more transactions involving more than one Transfer, so long as each Transfer in such transaction or transactions would otherwise have qualified as a “Permitted Transfer” within the meaning of this Section. For the further avoidance of doubt, a Transfer may qualify as a “Permitted Transfer” within the meaning of this Section under any one or more than one of the clauses of this Section as may be applicable to such Transfer, without regard to any proviso in, or requirement of, any other clause(s) of this Section. “Permitted Transferee” means, as of any date of determination, a Person that is entitled to be a transferee of shares of Class B Common Stock in a Transfer that, as of such date, would constitute a Permitted Transfer. “Permitted Trust” means a bona fide trust where each trustee is (a) a Qualified Stockholder; (b) a Family Member of a Qualified Stockholder; or (c) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies, accounting, legal or financial advisor, or bank trust departments. “Person” means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization or other entity, whether domestic or foreign. 8 AmericasActive:18729021.4

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"Qualified Beneficiary" means (i) one or more Qualified Stockholders, (ii) one or more Family Members of a Qualified Stockholder and/or (iii) any other Permitted Entities of one or more Qualified Stockholders. "Qualified Charity" means a domestic U.S. charitable organization, contributions to which are deductible for federal income, estate, gift and generation skipping transfer tax purposes. "Qualified Stockholder" means (i) the Founder, (ii) any Person that receives Class B Common Stock in the Merger, and (iii) any Person that is a Permitted Transferee. "Requisite Stockholder Consent" means (i) prior to the Voting Threshold Date, the action at a meeting or by written consent (to the extent permitted under this Amended and Restated Certificate of Incorporation) of the holders of a majority in voting power of the shares of capital stock of the Corporation that would then be entitled to vote in the election of directors at an annual meeting of stockholders, and (ii) on and after the Voting Threshold Date, the action at a meeting or by written consent (to the extent permitted under this Amended and Restated Certificate of Incorporation) of the holders of two-thirds (2/3rds) of the voting power of the shares of capital stock of the Corporation that would then be entitled to vote in the election of directors at an annual meeting of stockholders. "Transfer" of a share of Class B Common Stock means, directly or indirectly, any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law (including by merger, consolidation or otherwise), including, without limitation, the transfer of a share of Class B Common Stock to a broker or other nominee or the transfer of, or entering into a binding agreement with respect to, Voting Control over such share by proxy or otherwise. A Transfer shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by a Person that received shares in a Permitted Transfer if there occurs any act or circumstance that causes such Person to no longer be a Permitted Transferee. In addition, for the avoidance of doubt, a Transfer shall be deemed to have occurred if a holder that is a partnership, limited partnership, limited liability company or corporation distributes or otherwise transfers its shares of Class B Common Stock to its partners, stockholders, members or other equity owners. Notwithstanding the foregoing, the following shall not be considered a Transfer: (a) the granting of a revocable proxy to officers or directors of the Corporation at the request of the Board in connection with (i) actions to be taken at an annual or special meeting of stockholders, or (ii) any other action of the stockholders permitted by this Amended and Restated Certificate of Incorporation; (b) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock, which voting trust, agreement or arrangement does not involve any payment of cash, securities or other property to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner; for the avoidance of doubt, any voting trust, agreement or arrangement entered into prior to the Effective Date shall not constitute a Transfer; (c) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a Transfer unless such foreclosure or similar action qualifies as a Permitted Transfer at such time; (d) any change in the trustee(s) or the Person(s) and/or entity(ies) having or exercising Voting Control over shares of Class B Common Stock held by a Permitted Entity, provided that following such change such Permitted Entity continues to be a Permitted Entity; (e) (e) (1) the assignment, transfer, conveyance, hypothecation or other transfer or disposition of shares of Class B Common Stock by a Qualified Stockholder to a grantor retained annuity trust (a "GRAT") for which the trustee is (A) such Qualified Stockholder, (B) a Family Member of such 9 AmericasActive:18729021.4

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Qualified Stockholder, (C) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies, accounting, legal or financial advisors, or bank trust departments, (D) an employee of the Corporation or a member of the Board or (E) solely in the case of any such trust established by a natural Person grantor, any other bona fide trustee; (2) the change in trustee for such a GRAT from one of the Persons identified in the foregoing subclauses (A) through (E) to another Person identified in the foregoing subclauses (A) through (E); and (3) the distribution of such shares of Class B Common Stock from such GRAT to such Qualified Stockholder (provided, however, that the distribution of shares of Class B Common Stock to any beneficiary of such GRAT except such Qualified Stockholder shall constitute a Transfer unless such distribution qualifies as a Permitted Transfer at such time); (f) any Transfer of shares of Class B Common Stock, whether by a Qualified Stockholder or a Permitted Entity, to a broker or other nominee for so long as the transferor retains (i) Voting Control, (ii) sole dispositive power over such shares of Class B Common Stock, and (iii) the economic consequences of ownership of such shares of Class B Common Stock; (g) entering into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, with a broker or other nominee; provided, however, that a sale of such shares of Class B Common Stock pursuant to such plan shall constitute a "Transfer" at the time of such sale; (h) in connection with a Change of Control Transaction (1) the entering into a support, voting, tender or similar agreement or arrangement, (2) the granting of any proxy and/or (3) the tendering of any shares in any tender or exchange offer for all of the outstanding shares of Class A Common Stock and Class B Common Stock; (i) due to the fact that the spouse of any holder of shares of Class B Common Stock possesses or obtains an interest in such holder's shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a "Transfer" of such shares of Class B Common Stock; provided that any transfer of shares by any holder of shares of Class B Common Stock to such holder's spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a "Transfer" of such shares of Class B Common Stock unless (1) otherwise exempt from the definition of Transfer, or (2) in connection with such divorce proceeding, domestic relations order or similar legal requirement, a Qualified Stockholder is entitled to retain (and for so long as a Qualified Stockholder does actually retain) either (x) the exclusive right to exercise the power to vote or direct the voting of such shares of Class B Common Stock, or (y) sole dispositive power over such shares of Class B Common Stock; and (j) entering into a support, voting, tender or similar agreement, arrangement or understanding (with or without granting a proxy) in connection with a Liquidation Event or consummating the actions or transactions contemplated therein (including, without limitation, tendering shares of Class B Common Stock in connection with a Liquidation Event, the consummation of a Liquidation Event or the sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of shares of Class B Common Stock or any legal or beneficial interest in shares of Class B Common Stock in connection with a Liquidation Event), provided that such Liquidation Event was approved by the Board. "Voting Control" means, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise. "Voting Threshold Date" means the first date on which the issued and outstanding shares of Class B Common Stock represents less than 50% of the total voting power of the then outstanding shares of capital stock of the Corporation that would then be entitled to vote in the election of directors at an annual meeting of stockholders. B. PREFERRED STOCK 10 AmericasActive:18729021.4

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Subject to Article IV, Section 9, Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board as hereinafter provided. Any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law. Subject to Article IV, Section 9, authority is hereby expressly granted to the Board from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the DGCL (a "Preferred Stock Designation"), to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the DGCL. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law. ARTICLE II AMENDMENT OF THE CERTIFICATE OF INCORPORATION The Corporation reserves the right to amend, alter, change, adopt or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; provided, however, that, notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of shares of any class or series of capital stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provision of this Amended and Restated Certificate of Incorporation inconsistent with Articles IV, V, VI, VII, VIII, IX, X, XI and XII; provided further, so long as any shares of Class B Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of two-thirds (2/3rd) of the outstanding shares of Class B Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Amended and Restated Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise amend, alter, change, repeal or adopt any provision of this Amended and Restated Certificate of Incorporation (1) in a manner that is inconsistent with, or that otherwise alters or changes, any of the voting, conversion, dividend or liquidation provisions of the shares of Class B Common Stock or other rights, powers, preferences or privileges of the shares of Class B Common Stock; (2) to provide for each share of Class A Common Stock to have more than one (1) vote per share or any rights to a separate class vote of the holders of shares of Class A Common Stock other than as provided by this Amended and Restated Certificate of Incorporation or required by the DGCL; or (3) to otherwise adversely impact or affect the rights, powers, preferences or privileges of the shares of Class B Common Stock in a manner that is disparate from the manner in which it affects the rights, powers, preferences or privileges of the shares of Class A Common Stock; provided further, so long as any shares of Class A Common Stock remain outstanding, the Corporation shall not, without the prior affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock, voting as a separate class, in addition to any other vote required by applicable law or this Amended and Restated Certificate of Incorporation, directly or indirectly, whether by amendment, or through merger, recapitalization, consolidation or otherwise amend, alter, change, repeal or adopt any provision of this Amended and Restated Certificate of Incorporation (1) in a manner that is inconsistent with, or that otherwise alters or changes the powers, preferences, or special rights of the shares of Class A Common Stock so as to affect them adversely; or (2) to provide for each share of Class B Common Stock to have more than twenty (20) votes per share or any rights to a separate class vote of the holders of shares of Class B Common Stock other than as provided by this Amended and Restated Certificate of Incorporation or required by the DGCL. For the avoidance of doubt, (i) nothing in the immediately preceding provisos shall limit the rights of the Board as specified in Article IV, Section B (as qualified by Article IV, Section 9) or Article VI of this Amended and Restated Certificate of Incorporation, and (ii) notwithstanding anything in this Article V to the contrary, any amendment to a provision that contemplates a specific approval requirement by the stockholders (or any class of capital stock of the 11 AmericasActive:18729021.4

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Corporation) in this Amended and Restated Certificate of Incorporation (including the definition of Requisite Stockholder Consent and Voting Threshold Date) shall require the greater of (x) the specific approval requirement by the stockholders (or any class of capital stock of the Corporation) contemplated in such provision, and (y) the approval requirements contemplated by this Article V. ARTICLE III AMENDMENT OF THE BYLAWS In furtherance and not in limitation of the powers conferred upon it by the DGCL, and subject to the terms of any series of Preferred Stock, the Board shall have the power to adopt, amend, alter or repeal the Bylaws of the Corporation by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board at which a quorum is present in any manner not inconsistent with the laws of the State of Delaware or this Amended and Restated Certificate of Incorporation. The stockholders may not adopt, amend, alter or repeal the Bylaws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by this Amended and Restated Certificate of Incorporation, by the Requisite Stockholder Consent. ARTICLE IV CORPORATE OPPORTUNITIES The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An “Excluded Opportunity” is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, any director of the Corporation who is not an employee or officer of the Corporation or any of its subsidiaries (a “Covered Person”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person’s capacity as a director of the Corporation. ARTICLE V BOARD OF DIRECTORS This Article VIII is inserted for the management of the business and for the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders. (A) General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, except as otherwise provided by law. (B) Number of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of the directors of the Corporation shall be fixed from time to time by the Board; provided, further, that unless otherwise approved by the Requisite Stockholder Consent, the number of the directors shall not exceed seven (7). For the avoidance of doubt, no decrease in the number of directors constituting the Board shall shorten the term of any incumbent director. (C) Tenure. The directors shall be elected or appointed for a term of office continuing until the next annual meeting of stockholders of the Corporation. Each director shall hold office until such director’s successor is elected and qualified, or until such director’s earlier death, resignation, disqualification or removal from office. Any director may resign at any time upon notice to the Corporation given in writing by any electronic transmission permitted in the Corporation’s Bylaws or in accordance with applicable law. (D) Vacancies; Newly Created Directorships. Subject to the rights of holders of any series of Preferred Stock and subject to Section 1.1(d) of that certain Director Nomination Agreement, dated December 16, 2020, between the Corporation and Eagle Equity Partners II, LLC, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death, disability, resignation, disqualification or removal of any director or from any other cause shall be filled: (i) prior to the Voting 12 AmericasActive:18729021.4

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Threshold Date, solely by the stockholders of the Corporation with the Requisite Stockholder Consent unless any such vacancy or newly created directorships remains unfilled for at least sixty (60) days, in which case such vacancy or newly created directorships may also be filled by the affirmative vote of a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director; or (ii) on or after the Voting Threshold Date solely by the affirmative vote of a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director. (E) Removal. Subject to the rights of the holders of any series of Preferred Stock expressly set forth in a Preferred Stock Designation adopted in compliance with this Amended and Restated Certification of Incorporation, any director or the entire Board may be removed from office at any time with or without cause and for any or no reason only with and immediately upon the Requisite Stockholder Consent. (F) Committees. Pursuant to the Bylaws of the Corporation, the Board may establish one or more committees to which may be delegated any or all of the powers and duties of the Board to the full extent permitted by law. (G) Stockholder Nominations and Introduction of Business. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the Bylaws. (H) Preferred Stock Directors. During any period when the holders of any series of Preferred Stock have the right to elect additional directors as provided for or fixed pursuant to and in accordance with the provisions of Article IV hereof or any Preferred Stock Designation, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total number of authorized directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his earlier death, disqualification, resignation or removal. Except as otherwise provided for or fixed pursuant to and in accordance with the provisions of Article IV hereof or any Preferred Stock Designation, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, all such additional directors elected by the holders of such stock, or elected or appointed to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors shall automatically cease to be qualified as directors, the terms of office of all such directors shall forthwith terminate and the total authorized number of directors of the Corporation shall be reduced accordingly. ARTICLE VI ELECTION OF DIRECTORS Unless and except to the extent that the Bylaws shall so require, the election of directors of the Corporation need not be by written ballot. The vote required for election of a director by the stockholders at a meeting of stockholders shall, except in a contested election, be the affirmative vote of a majority of the votes cast in favor or against the election of a nominee at a meeting of stockholders. In a contested election, (i) the directors shall be elected by a plurality of the votes cast at a meeting of stockholders by the holders of stock entitled to vote in such election, and (ii) stockholders shall not be permitted to vote against a nominee. An election shall be considered contested if, as the tenth (10th) preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders of the Corporation, there are more nominees for election than directorships on the Board to be filled by election at the meeting. ARTICLE VII LIMITATION OF DIRECTOR LIABILITY A director or officer of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. Any 13 AmericasActive:18729021.4

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amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director or officer of the corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal. ARTICLE VIII INDEMNIFICATION The Corporation may indemnify, and advance expenses to, to the fullest extent permitted by law, any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. ARTICLE IX CONSENT OF STOCKHOLDERS IN LIEU OF MEETING Subject to the terms of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of the stockholders and may not be effected by written consent in lieu of a meeting; provided, that prior to the Voting Threshold Date, any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of the outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be made by hand, overnight courier or by certified or registered mail, return receipt requested. ARTICLE X SPECIAL MEETING OF STOCKHOLDERS Special meetings of stockholders for any purpose or purposes may be called at any time by the Board, the Chairperson of the Board or the Chief Executive Officer of the Corporation, and may not be called by another other Person or Persons; provided that, prior to the Final Conversion Date, special meetings of stockholders for any purpose or purposes may also be called by or at the request of stockholders of the Corporation collectively holding shares of capital stock of the Corporation with voting power sufficient to provide the Requisite Stockholder Consent. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. ARTICLE XI FORUM SELECTION Unless the Corporation consents in writing to the selection of an alternative forum, (i) the Court of Chancery (the "Chancery Court") of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Corporation, (2) any action asserting a claim of breach of a fiduciary duty owed by, or any other wrongdoing by, any current or former director, officer, other employee or stockholder of the Corporation, (3) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL, this Amended and Restated Certificate of Incorporation or the Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery, (4) any action to interpret, apply, enforce or determine the validity of any provisions of this Amended and Restated Certificate of Incorporation or the Bylaws, or (5) any other action asserting a claim governed by the internal affairs doctrine and (ii) notwithstanding anything to the contrary herein, but subject to the foregoing provisions of this Article XIV, the federal district courts of the United States shall be the exclusive forum for the resolution of any action, suit or proceeding asserting a cause of action arising under the Securities Act of 1933, as amended. If any action the subject matter of which is within the scope of the preceding sentence is filed in a court 14 AmericasActive:18729021.4

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other than the applicable courts specified in the immediately preceding sentence (a “Foreign Action”) in the name of any stockholder, such stockholder shall, to the fullest extent permitted by applicable law, be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the preceding sentence and (b) having service of process made upon such stockholder in any such action by service upon such stockholder’s counsel in the Foreign Action as agent for such stockholder. This provision will not apply to claims arising under the Securities Exchange Act of 1934, as amended, or other federal securities laws for which there is exclusive federal jurisdiction. Any Person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XIV. ARTICLE XII MISCELLANEOUS If any provision or provisions of this Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible and without limiting any other provisions of this Amended and Restated Certificate of Incorporation (or any other provision of the Bylaws or any agreement entered into by the Corporation), the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to, or for the benefit of, the Corporation to the fullest extent permitted by law. To the fullest extent permitted by law, each and every Person purchasing or otherwise acquiring any interest (of any nature whatsoever) in any shares of the capital stock of the Corporation shall be deemed, by reason of and from and after the time of such purchase or other acquisition, to have notice of and to have consented to all of the provisions of (a) this Amended and Restated Certificate of Incorporation, (b) the Bylaws and (c) any amendment to this Amended and Restated Certificate of Incorporation or the Bylaws enacted or adopted in accordance with this Amended and Restated Certificate of Incorporation, the Bylaws and applicable law. [Remainder of Page Intentionally Left Blank] 15 AmericasActive:18729021.4

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IN WITNESS WHEREOF, this Fourth Amended and Restated Certificate of Incorporation has been executed this 23rd day of June, 2023. SKILLZ INC. By:/s/ Charlotte Edelman Name: Charlotte Edelman Title: General Counsel Signature Page to Amended and Restated Certificate of Incorporation AmericasActive:18729021.4

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AmericasActive:18731307.3 AMENDMENT NO. 1 TO THE SKILLZ INC. 2020 EMPLOYEE STOCK PURCHASE PLAN This AMENDMENT NO. 1 TO THE SKILLZ INC. 2020 EMPLOYEE STOCK PURCHASE PLAN (this "Amendment"), dated as of June 23, 2023 (the "Effective Date") is made and entered into by Skillz Inc., a Delaware corporation (the "Company"). Capitalized terms used in this Amendment that are not otherwise defined herein shall have the meanings ascribed to such terms in the Skillz Inc. 2020 Employee Stock Purchase Plan, as amended (the "ESPP"). RECITALS WHEREAS, the Company previously reserved a total of 4,933,855 shares of the Company's Class A common stock, par value $0.0001 (the "Common Stock"), to be delivered pursuant to awards under the ESPP; WHEREAS, as of the Effective Date, the Company has effectuated a 1-for-20 split (the "Reverse Stock Split") of the shares of the Company's Common Stock; WHEREAS, pursuant to Section 19(a) of the ESPP, in the event of a recapitalization, stock split, reverse stock split, or any other similar corporate event affecting the Company's Common Stock, the Administrator will adjust the (i) number and class of shares of Common Stock that may be delivered under the ESPP, (ii) Purchase Price per share and the number of shares of Common Stock covered by each option under the ESPP that has not yet been exercised, and (iii) other numerical limits that may be prescribed under the ESPP; WHEREAS, in connection with the Reverse Stock Split, the Administrator equitably adjusted the total number of shares of Common Stock available and reserved for issuance pursuant to the Skillz Inc. 2020 Employee Stock Purchase Plan (the "ESPP"), as follows: (i) the initial share reserve of Common Stock was adjusted from 4,933,855 shares to 246,692 shares; (ii) the increase to the share reserve under the ESPP's evergreen provision on December 31, 2021 of 2,917,539 shares was adjusted to 145,876 shares; (iii) the increase to the share reserve under the ESPP's evergreen provision on December 31, 2022 of 3,401,525 shares was adjusted to 170,076 shares; and (iv) the increase to the share reserve under the ESPP's evergreen provision on December 31, 2023 of 3,538,334 shares was adjusted to 176,916 shares; and WHEREAS, in accordance with the authority to amend the plan provided under Section 20 of the ESPP, the Committee wishes to amend the ESPP to make certain adjustments contemplated by Section 19(a) of the ESPP to reflect the Reverse Stock Split. NOW, THEREFORE, BE IT: RESOLVED, that the ESPP is hereby amended, effective as of the Effective Date as follows: 1. Section 13(a) of the ESPP is hereby amended by deleting said section in its entirety and substituting in lieu thereof the following new Section 13(a): DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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AmericasActive:18731307.3 13. Stock. (a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of Shares of Common Stock that will be made available for sale under the Plan will be 246,692 Shares of Common Stock; provided, that the total number of Shares that will be reserved, and that may be issued, under the Plan will automatically increase on the first trading day of each calendar year, beginning with calendar year 2021, by a number of Shares equal to one percent (1%) of the total number of Outstanding Shares on the last day of the prior calendar year. Notwithstanding the foregoing, the Administrator may act prior to January 1 of a given year to provide that there will be no such increase in the share reserve for that year or that the increase in the share reserve for such year will be a lesser number of Shares than provided herein. 2. Except as expressly amended by this Amendment, the ESPP shall continue in full force and effect in accordance with the provisions thereof. [Remainder of Page Intentionally Left Blank; Signature Page Follows.] DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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AmericasActive:18731307.3 IN WITNESS WHEREOF, the Company has caused this Amendment to be duly executed as of the date first written above. SKILLZ, INC. By: Name: Charlotte Edelman Title: General Counsel and Corporate Secretary DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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AmericasActive:18731315.3 AMENDMENT NO. 1 TO THE SKILLZ INC. 2020 OMNIBUS INCENTIVE PLAN This AMENDMENT NO. 1 TO THE SKILLZ INC. 2020 OMNIBUS INCENTIVE PLAN (this “Amendment”), dated as of June 23, 2023 (the “Effective Date”) is made and entered into by Skillz Inc., a Delaware corporation (the “Company”). Capitalized terms used in this Amendment that are not otherwise defined herein shall have the meanings ascribed to such terms in the Skillz Inc. 2020 Omnibus Incentive Plan, as amended (the “Plan”). RECITALS WHEREAS, the Company previously reserved a total of 39,669,278 shares of Class A common stock, par value $0.0001 (“Class A Common Stock”) and 8,172,581 shares of Class B common stock, par value $0.0001 (“Class B Common Stock”, together with the Class A Common Stock, the “Common Stock”), to be delivered pursuant to awards under the Plan; WHEREAS, as of the Effective Date, the Company has effectuated a 1-for-20 split (the “Reverse Stock Split”) of the shares of the Company’s Common Stock; WHEREAS, pursuant to Section 5 of the Plan, in the event of any Change in Capitalization of the Company, including a reverse stock split, a proportionate adjustment shall be made by the Administrator, in its sole discretion, in (i) the aggregate number of shares of Common Stock reserved for issuance under the Plan, (ii) the kind, number and Exercise Price subject to outstanding Options and Stock Appreciation Rights granted under the Plan, (iii) the kind, number and purchase price of shares of Common Stock subject to outstanding Restricted Shares or Other Share-Based Awards granted under the Plan and (iv) such other equitable substitutions or adjustments as may be determined by the Administrator; WHEREAS, in connection with the Reverse Stock Split, the Administrator equitably adjusted the total number of shares of Common Stock available and reserved for issuance pursuant to the Plan, as follows: (i) for Class A Common Stock, (a) the initial share reserve was adjusted from 39,669,278 shares to 1,983,463 shares; (b) the substitute options assumed under the Plan following the Company’s going public transaction were adjusted from 26,480,089 shares to 1,324,004 shares; (c) the increase to the share reserve under the Plan’s evergreen provision on December 31, 2021 of 14,587,694 shares was adjusted to 729,384 shares; (d) the increase to the share reserve under the Plan’s evergreen provision on December 31, 2022 of 20,485,756 shares was adjusted to 1,024,287 shares; and (e) the increase to the share reserve under the Plan’s evergreen provision on December 31, 2023 of 21,127,523 shares was adjusted to 1,056,376 shares and (ii) for Class B Common Stock, (a) the initial share reserve was adjusted from 8,172,581 shares to 408,629 shares; (b) the substitute options assumed under the Plan following the Company’s going public transaction were adjusted from 7,024,488 shares to 351,224 shares; (c) the increase to the share reserve under the Plan’s evergreen provision on December 31, 2021 of 3,904,533 shares was adjusted to 195,226 shares; (d) the increase to the share reserve under the Plan’s evergreen provision on December 31, 2022 of 3,430,063 shares was adjusted to 171,503 shares; and (e) the increase to the share reserve under the Plan’s evergreen provision on December 31, 2023 of 3,435,856 shares was adjusted to 171,792 shares; and DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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AmericasActive:18731315.3 WHEREAS, in accordance with its authority to exercise all powers and authorities necessary and advisable in the administration of the Plan, the compensation committee of the board of directors of the Company (the “Committee”) that currently serves as the Plan’s Administrator wishes to amend the Plan to make certain adjustments contemplated by Section 5 of the Plan to reflect the Reverse Stock Split. NOW, THEREFORE, BE IT: RESOLVED, that the Plan is hereby amended, effective as of the Effective Date as follows: 1. Sections 4(a) and 4(b) of the Plan are hereby amended by deleting said sections in their entirety and substituting in lieu thereof the following new Sections 4(a) and (b): Section 4. Shares Reserved for Issuance Under the Plan and Limitations on Awards. (a) Subject to adjustment in accordance with Section 5 of the Plan, the Administrator is authorized to deliver with respect to Awards granted under the Plan an aggregate of 1,983,463 shares of Class A Common Stock; provided, that the total number of shares of Class A Common Stock that will be reserved, and that may be issued, under the Plan will automatically increase on the first trading day of each calendar year, beginning with calendar year 2021, by a number of Class A Common Shares equal to five percent (5%) of the total number of Outstanding Class A Shares on the last day of the prior calendar year. Notwithstanding the foregoing, the Administrator may act prior to January 1 of a given year to provide that there will be no such increase in the share reserve for that year or that the increase in the share reserve for such year will be a lesser number of Class A Common Shares than provided herein. (b) In addition, subject to adjustment in accordance with Section 5 of the Plan, the Administrator is authorized to deliver with respect to Awards granted under the Plan an aggregate of 408,629 shares of Class B Common Stock; provided, that the total number of shares of Class B Common Stock that will be reserved, and that may be issued, under the Plan will automatically increase on the first trading day of each calendar year, beginning with calendar year 2021, by a number of Class B Common Shares equal to five percent (5%) of the total number of Outstanding Class B Shares on the last day of the prior calendar year. Notwithstanding the foregoing, the Administrator may act prior to January 1 of a given year to provide that there will be no such increase in the share reserve for that year or that the increase in the share reserve for such year will be a lesser number of Class B Common Shares than provided herein. 2. Section 7(b) of the Plan is hereby amended by deleting said section in its entirety and substituting in lieu thereof the following new Section 7(b): (b) Limits on Incentive Stock Options. If the Administrator grants Incentive Stock Options, then to the extent that the aggregate fair market value of Shares with respect to which Incentive Stock Options are exercisable for the first time by any individual during any calendar year (under all plans of the Company) exceeds $100,000, such Options will be treated as DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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AmericasActive:18731315.3 Nonqualified Stock Options to the extent required by Code Section 422. Subject to Section 5, the maximum number of shares that may be issued pursuant to Options intended to be Incentive Stock Options is 1,983,463 Shares and, for the avoidance of doubt, such share limit shall not be subject to the annual adjustment provided in Section 4(b). 3. Except as expressly amended by this Amendment, the Plan shall continue in full force and effect in accordance with the provisions thereof. [Remainder of Page Intentionally Left Blank; Signature Page Follows.] DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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AmericasActive:18731315.3 IN WITNESS WHEREOF, the Company has caused this Amendment to be duly executed as of the date first written above. SKILLZ, INC. By: Name: Charlotte Edelman Title: General Counsel
DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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AMENDMENT NO. 1 TO THE AARKI, INC. 2010 STOCK PLAN This AMENDMENT NO. 1 TO THE AARKI, INC. 2010 STOCK PLAN (this “Amendment”), dated as of June 23, 2023 (the “Effective Date”) is made and entered into by Skillz Inc., a Delaware corporation (the “Company”). Capitalized terms used in this Amendment that are not otherwise defined herein shall have the meanings ascribed to such terms in the Aarki, Inc. 2010 Stock Plan, as amended (the “Plan”). RECITALS WHEREAS, in connection with that certain acquisition of Aarki, Inc., a Delaware corporation (the “Target”) by the Company on July 16, 2021, the Company assumed the Plan, which originally reserved 1,500,000 shares of the Target’s common stock, par value $0.001 per share, and all outstanding stock options thereunder, WHEREAS, since the Plan would be frozen to new awards and only exist to administer the outstanding stock options, in connection with the assumption of the Plan and stock options thereunder, the Company previously reserved a total of 74,974 shares of Class A common stock, par value $0.0001 (“Common Stock”) to be delivered pursuant to awards under the Plan; WHEREAS, as of the Effective Date, the Company has effectuated a 1-for-20 split (the “Reverse Stock Split”) of the shares of the Company’s Common Stock; WHEREAS, pursuant to Section 13(a) of the Plan, in the event of any change in the corporate structure of the Company affecting the shares of Common Stock, including a reverse stock split, the Administrator, in its sole discretion, may make a proportionate adjustment in (i) the aggregate number of shares of Common Stock reserved for issuance under the Plan and (ii) the kind, number and Exercise Price of shares of Common Stock covered by each outstanding Option or Share Purchase Right; and WHEREAS, in accordance with its authority to amend the Plan under Section 15(a), the board of directors of the Company wishes to amend the Plan to make certain adjustments contemplated by Section 13(a) of the Plan to reflect the Reverse Stock Split. NOW, THEREFORE, BE IT: RESOLVED, that the Plan is hereby amended, effective as of the Effective Date as follows: 1. Section 3 of the Plan is hereby amended by deleting said section in its entirety and substituting in lieu thereof the following new Section 3: 3. Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, as of June 23, 2023, the maximum aggregate number of Shares that remain subject to Options or Stock Purchase Rights and may be sold under the Plan is 3,748 Shares. DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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The Shares may be authorized but unissued, or reacquired Common Stock. Subject to the provisions of Section 13, on or after July 16, 2021, no new Shares may be granted under the Plan. 2. Except as expressly amended by this Amendment, the Plan shall continue in full force and effect in accordance with the provisions thereof. [Remainder of Page Intentionally Left Blank; Signature Page Follows.] DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

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IN WITNESS WHEREOF, the Company has caused this Amendment to be duly executed as of the date first written above. SKILLZ, INC. By: Name: Charlotte Edelman Title: General Counsel and Corporate Secretary
DocuSign Envelope ID: 689130AC-410E-47CC-AE20-26AA9A35DF2A

Exhibit 31.1

Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Andrew Paradise, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Skillz Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023 November 8, 2023

/s/ Andrew Paradise
Andrew Paradise
Chief Executive Officer and Chairman
(Principal Executive Officer)

Exhibit 31.2

Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jason Roswig, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Skillz Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2023 November 8, 2023

/s/ Jason Roswig

Jason Roswig
President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Skillz Inc. (the "Company") for the three and six nine months ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Executive Officer and Chairman of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	August November 8, 2023	Signed:	/s/ Andrew Paradise
			Andrew Paradise
			Chief Executive Officer and Chairman

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q of Skillz Inc. (the "Company") for the three and six nine months ended June 30, 2023 September 30, 2023, as filed with the Securities and Exchange Commission (the "Report"), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	August November 8, 2023	Signed:	/s/ Jason Roswig
			Jason Roswig
			President and Chief Financial Officer

DISCLAIMER