



FISCAL YEAR 2024 ANNUAL FINANCIAL REPORT

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

(Mark One)

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

For the fiscal year ended December 31, 2024

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

(State or other jurisdiction of incorporation or organization)

6625 Badura Avenue

Las Vegas, Nevada

(Address of Principal Executive Offices)

84-4478274

(I.R.S. Employer Identification No.)

89118

(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

Securities registered pursuant to section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2024 was approximately \$95 million based on the closing price of such common equity on the New York Stock Exchange on such date.

As of November 3, 2025, the registrant had outstanding 11,875,631 shares of Class A common stock, par value \$0.0001, and 3,430,063 shares of Class B common stock, par value \$0.0001.

DOCUMENTS INCORPORATED BY REFERENCE

None.

SKILLZ INC.

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PART I

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This Annual Report contains forward-looking statements regarding, among other things, the plans, strategies and prospects, both business and financial, of Skillz Inc. (“Skillz”). These statements are based on the beliefs and assumptions of the management of Skillz. We also may provide forward-looking statements in oral statements or other written materials released to the public. Although Skillz believes that its plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, Skillz cannot assure you that it will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Generally, statements that are not historical facts, including statements concerning possible or assumed future actions, business strategies, events or results of operations, are forward-looking statements. These statements may be preceded by, followed by or include the words “believes”, “estimates”, “expects”, “projects”, “forecasts”, “may”, “will”, “should”, “seeks”, “plans”, “scheduled”, “anticipates”, “intends” or similar expressions and the negatives of these words. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about the ability of Skillz to:

- effectively compete in the global entertainment and gaming industries;
- attract and retain successful relationships with third-party mobile game developers (“developers” and each a “developer”) that develop and update games hosted on Skillz’s platform;
- drive brand awareness with end-users;
- invest in growth and development of employees;
- mitigate the commercial, reputational and regulatory risks;
- resolve ongoing litigation with Voodoo SAS, Papaya Gaming, and other litigation matters, including the suit filed against Tether (as defined below);
- remediate during 2025 certain not-fully remediated material weaknesses in our internal control over financial reporting; and
- comply with evolving laws and regulations, including the applicable provisions of the recently passed One Big Beautiful Bill Act, as well as expectations applicable to its business, including with respect to cybersecurity, artificial intelligence (“AI”) and corporate governance matters.

These forward-looking statements are based on information available as of the date of this Form 10-K, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Important factors could cause actual results to differ materially from those indicated or implied by forward-looking statements such as those contained in documents we have filed with the Securities and Exchange Commission (“SEC”). Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some of these risks and uncertainties include, but are not limited to, risks involved in our business and investing in our Class A common stock, par value \$0.0001 per share (the “Class A common stock”) discussed in “Part I. Item 1A. Risk Factors” of this Annual Report and those described elsewhere in this Annual Report or in our other SEC filings.

Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may vary in material respects from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements.

BASIS OF PRESENTATION

The Company is a smaller reporting company as defined in the Securities and Securities Exchange Act, as amended. Accordingly, it has utilized certain accommodations provided for scaled disclosures in its Annual Report on Form 10-K and proxy statement. Accommodations utilized include (i) a two-year presentation of the audited financial statements and related notes, and management’s discussion and analysis of financial condition and results of operations; (ii) reduced disclosures of certain executive compensation and stock performance information; and (iii) not disclosing quantitative and qualitative disclosures about market risk.

ITEM 1. BUSINESS

In this Annual Report, when we use the terms the “Company,” “Skillz,” “we,” “us” and “our,” unless otherwise indicated or the context otherwise requires, we are referring to Skillz Inc. and its wholly-owned subsidiaries.

Overview

We were founded on one simple belief: competition holds the power to unleash possibilities in all of us. We are all born with skills and when we are able to apply those skills through competition, we can achieve great things. That is the guiding principle behind why we are advancing competitive mobile gaming.

Our Company’s mission is to bring out the best in everyone through competition. We believe our business model is unique in that we create both opportunities for game developers to turn their craft into financial success and opportunities for players to experience wins through our platform.

Our proprietary multi-player platform, a form of social media solution, provides interactive entertainment through competitive game content. We believe our platform democratizes the mobile gaming industry by “leveling the playing field” for developers worldwide, enabling us to deliver gaming experiences that our player community can trust. The trust and fairness we foster with our player community is part of the foundation upon which our business is built.

Paired with Aarki, our artificial intelligence (AI) advertising technology segment, Skillz operates a closed-loop ecosystem that combines content, audience, and performance into a unified growth engine. Aarki delivers advertising solutions that drive revenue growth for mobile app developers by leveraging billions of contextual bidding signals, proprietary machine learning, and behavioral models to engage audiences in a privacy-first world. As Skillz onboards new developers, Aarki powers game title growth through user acquisition and monetization, continuously enhancing its machine learning engine, which in turn delivers better outcomes for developers and greater efficiency for the Skillz platform.

Fair Play

Our proprietary platform fairly matches real players against other real players, which we believe is a bedrock of competition, and a critical tenet of skill-based gaming. We believe there are competitors that may not be following similar ethical fairness practices and may utilize bots instead of matching their users against real human opponents.

In 2024, following a jury verdict finding AviaGames willfully infringed one of Skillz’s patents, the Company entered into a settlement. We believe the evidence we made public at trial showed the competitor and their executives were using bots to build their business, which we believe deceives players and harms our company’s competitive position. Instead of being matched with real opponents, as advertised, we believe the evidence showed that players were unknowingly competing against bots. We believe the evidence made public at trial showed the competitor’s use of bots allowed it to engineer the outcome of the matches and directly pocket the players’ money.

Winning this case was a milestone for the Company as we continue our quest to uphold fair play and protect players from what we believe is fraudulent inducement, misrepresentation and the theft of billions of player dollars. We intent to continue to pursue our right to take action to help stop dishonest practices.

We are committed to this effort and believe that in addition to the trial verdict and settlement award won in 2024, we will prevail in similar circumstances in the future. Additionally, the Company made progress with an additional two lawsuits filed against our competitors, Papaya Gaming (as defined below) and Voodoo (as defined below), alleging that those competitors engaged in false advertising and unfair business practices in connection with their misuse of bots in mobile games, unbeknownst to players. We also note that class action lawsuits have already been filed against two of our competitors (i.e., AviaGames and Papaya Gaming). We are hopeful that government authorities will take note of our progress identifying fraudulent bot use in the industry and take action to protect players.

As we uncover proof of fraudulent use of bots at any company in this industry we intend to initiate additional actions that help protect both Skillz and players. Our goal is not to reduce competition, but rather to ensure that all organizations in our industry maintain the same level of commitment as we do provide a transparent and fair player experience. Skillz will continue to combat the deceptive misuse of bots until systemic fraud in our industry is eliminated. For additional information, refer to Note 10. Commitments and Contingencies.

Our Focus and Strategy

We continue to focus on our operations and positioning our business for renewed growth. We believe that both our platform and advertising businesses are improving in performance, and as a result, we believe we are equipped to transition from a period of turnaround to one focused on sustainable growth.

Our strategy centers on building a portfolio of high-integrity, data-driven digital businesses that extend our existing core technology and platform capabilities. We believe the prevalence of bots in the skills-based gaming ecosystem has caused significant shifts in digital advertising and materially distorted customer-acquisition dynamics, including by significantly increasing customer-acquisition costs and a contraction in effective player retention for companies like Skillz who do not utilize bots to compete in real-money competitions. We believe the use of bots in skills-based games by certain of our competitors damaged overall player engagement and trust within the skill-based gaming market, which we continue to spend capital and resources to overcome.

We believe Aarki, our advertising technology solution, coupled with our investment in Exit Games, a real-time multiplayer technology provider, provides healthy revenue diversification. As these businesses scale and as Skillz continues to execute on its path to profitability, we are focused on launching additional growth initiatives that leverage our proven capability to pioneer new markets. Our founder and CEO, Andrew Paradise, has a demonstrated history of innovation, including the mobile self-checkout industry and the mobile skill-gaming market. We believe this entrepreneurial foundation positions Skillz well to identify and create future opportunities at the intersection of technology, gaming, and competition.

Our Segments

Skillz

Our platform enables game developers to monetize their content through multi-player competition by integrating real-money tournaments, virtual prizes, and social competition features directly into their games. The platform provides a managed backend that supports key competitive functionality, including player matching, leaderboards, anti-cheat integrity systems, and payment processing. Our scalable multi-player platform allows for real-world prizes that go beyond one-off competitive implementations and provides for a repeatable, developer-accessible system. In exchange for access to our multi-player platform and monetization services, Skillz and its developers share in the aggregate entry fees paid by end users. Our platform capability highlights include:

Monetize Through Competitions: Developers may earn revenue by hosting skill-based competitions where players pay entry fees, and Skillz takes a percentage of the pool.

Player Matching: Automatically match players based on skill levels, ensuring fair and engaging gameplay experiences.

Cross-Platform Support: The Skillz platform is compatible with Android, iOS, and some Unity-based games, allowing developers to reach a broad audience.

Comprehensive Analytics: Developers have access to performance metrics, player insights, and revenue data through the Skillz dashboard.

Focus on Game Development: With Skillz managing tournaments, payments, and player matching, developers can focus on building their games' core mechanics and experiences.

Aarki

Aarki is an artificial intelligence (“AI”) company that delivers advertising solutions to drive revenue growth for mobile app developers. Aarki enables brands to effectively engage audiences in a privacy-first world by using billions of contextual bidding signals coupled with proprietary machine learning and behavioral models. The Company works with advertisers globally and manages millions of mobile ad requests per second from over 10 billion devices.

Aarki's strategic plan includes becoming a full-funnel growth marketing platform, extending beyond mobile performance into connected TV (CTV), influencer marketing and other forms of media to service advertisers. We envision Aarki serving

advertisers across the entire customer journey—from awareness and engagement to conversion and retention—through a unified, AI-driven platform.

At the center of this long-term vision is Aarki’s strategic relationship with our Skillz platform. Together, we believe our Skillz platform and Aarki form an ecosystem in which content creation, audience, and performance continuously reinforce one another. For our developers, Aarki enables monetization through user acquisition and re-targeting that which we believe drives growth. The more Skillz SDK-enabled developers use Aarki, the better Aarki’s machine learning engine becomes, which we believe in turn drives better outcomes for the developers and drives more spend on the Aarki platform.

Our Platform

Overview

We continue to work towards evolving our multi-player competitive gaming platform and thereby expanding the gaming market. Our technology platform aligns the interests of developers and gamers with respect to user monetization to reduce potential friction between these parties. Traditional mobile games utilize in-game advertisements or purchases, which we believe creates friction in the user experience, hurting engagement and retention. By monetizing user engagement primarily through prizes, we create an alternative for both developers and players of competitive games. With our system, the more gamers enjoy playing in contests for prizes and the longer they play, the more revenue we generate for developers. We believe this dynamic generates significantly stronger monetization for developers compared to traditional mobile game monetization.

Gamer Competition Engine

Our end-to-end technology platform enables mobile game developers to improve gameplay experiences and drive engagement, retention and revenue from their content. Our gamer competition engine, the software development kit, (the “SDK”) contains hundreds of features, which allows for seamless over-the-air updates.

Rating and matching users is a challenging technical problem, as the fastest match is the next user in line to play, while the fairest match (i.e., a theoretically perfectly matched skill rating) could take a much longer time to find. User retention is sensitive to both fair matching and time to match therefore, we have invested significantly in technology to optimize these competing objectives. Additionally, our multi-player platform includes security layers for gamers, enabling us to securely run free and fair prized-based competitions.

Our SDK includes many features that enhance the social experience such as in-game chat, friends, tournaments and leagues which allow players to interact and build relationships, strengthening the Skillz gaming community. Our players enjoy social experiences, by communicating during and after competitions, on topics ranging from sharing gameplay strategies to building healthy rivalries and making personal connections. We developed our “Friends” feature that allows players to invite others to the platform and play to further enhance the player experience.

Developer Console

Our intuitive developer dashboard enables our developer partners to rapidly integrate and monitor the performance of their games on our platform. The first step for a game developer integrating our tournament management system is to sign up for a free account on our developer portal. Developer onboarding has been optimized to enable developers to quickly and easily set up an account, access technical documentation, download the SDK and access customer support. Our developer portal has been built such that an average game developer can implement our SDK in about a day, with little or no technical support. Once a game goes live on our platform, the developer portal provides developers with a single system through which they can access analytics on user behavior and monetization for their games.

Live Operations

Delivering live operations in games is critical to user retention and engagement. Our live operations, or LiveOps, system manages and optimizes user experience across all the games on our platform. We have built a highly automated system to power LiveOps on our platform. LiveOps in mobile games on our platform encompasses everything from generating new events to creating new and exciting tournament formats.

With our highly automated system, we are able to run LiveOps for the games on our platform with what we believe is a fraction of the resourcing required by a typical game developer.

We run multivariate testing on our system settings to optimize user engagement and retention for games on our platform. Our system manages the presentation of tournament formats, frequency of events and merchandising of the Ticketz store, which is our in-game store that allows users to redeem prizes in exchange for tickets earned in gameplay on our platform (“Ticketz”). Ticketz can be redeemed within our loyalty program for prizes or credits to be used towards future paid-entry tournaments.

With our segment manager tool, we can administer important system settings for users on the platform, including the types of tournaments a user sees and is eligible to enter, deposit offers and promotions available to a user, and incentives and achievements presented to a user at various moments along their gaming journey.

Payment Infrastructure

Our payments infrastructure that, we believe, is reliable and generates up uptime that meets or exceeds industry standards. We believe our technology capabilities are critical to building and maintaining trusted relationships with our developers and users.

Data Science

Our algorithms and machine learning technologies augment all facets of our platform. Key features of our proprietary data science technologies include anti-cheat, anti-fraud, player rating and matching, and segmentation engine. We believe our technology capabilities are industry-leading and have helped to differentiate our product offerings and promote fair play.

High personalization is an integral element to enhancing the gamer experience on our platform. For example, we invented a technology for creating user segments based on dynamically linking behaviors. Our technology allows us to overlap, concatenate and exclude different behaviors to create new user journeys through game environments. We have identified dozens of different behavior sets, which enables us to increase the number of potential unique user journeys exponentially and dynamically adjust for a significantly more personalized experience.

We give gamers confidence to transact on our platform by delivering on our values of trust and fairness. We enable game developers to focus on what they do best: build great content. We provide developers of all sizes with a comprehensive technology platform enabling them to compete with the largest and most sophisticated mobile game developers in the world.

Safeguards

Strong anti-cheat and anti-fraud protections are among the most critical elements required to foster a healthy fair-play competitive ecosystem. Our systems need to continuously evolve to stay ahead of sophisticated attempts to defraud or stack the odds for one user over another user. As a component of our proprietary security systems, we use our robust data to analyze and build statistical maps to predict users’ probable next outcome. This probability modeling then enables us to statistically detect anomalies, which are escalated for further review and remediation, where needed.

Our Developer Community

The global video game market size was estimated at \$221.2 billion in 2024 and is expected to grow at a compound annual growth rate (CAGR) of 6.5% from 2025 to 2033. Smartphones have also made video games more accessible, portable, and social. This has further driven the industry’s growth with the emergence of technologically advanced and more powerful smartphones. Market players are also focusing on developing advanced gaming products and services to attract a larger customer base, which is positively influencing the overall industry. However, mobile video game developers increasingly struggle to get their content discovered and monetized. The introduction of standardized game development platforms and universally known distribution platforms such as the AppStore, Google Play, and Galaxy Store have resulted in a flood of game content to the market. Meanwhile, traditional methods used by game developers to monetize their content (e.g., via

advertisements or in-game purchases) have not kept pace. As a result, we believe that a massive amount of game content is not being discovered or monetized to its fullest potential.

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.

We have a community of developers using our platform to bring their art to the world. Content creation has been democratized in recent years with the introduction of standardized game development and distribution platforms. Our self-serve platform enables our developer customers to integrate and monitor their game performance through sophisticated dashboards. This allows the developers to do what they do best — build great games — while we help them on other fronts by delivering services such as payments, analytics, LiveOps, prize fulfillment and customer service. Historically, a small number of games have accounted for a substantial portion of our revenue.

As part of our long-term efforts to grow the monetization of our mobile gaming ecosystem, in February 2025, we launched the \$75 million Skillz Developer Program (the “Program”). We plan to deploy up to \$75 million over the next three years through the Program by providing developers working capital and operational support. Our goal is to support approximately 25 games. However, we may use some of the capital allocated to the Program to support other opportunities that our management determines will better support the effort to monetize our mobile game ecosystem. In addition, developers selected to participate in the Program will be provided with access to Skillz’s team of employees and consultants, the Skillz’ SDK and developer console, as well as end-user registration services, player matching, fraud and fair play monitoring and billing and settlement services.

Games on our platform initially go live with free-to-play capabilities, before applying for prized competitions. In an effort to provide an enticing mobile gaming experience, we carefully curate which games are enabled for prizes based on a number of criteria, to ensure we provide an enticing competitive mobile gaming experience. We actively monitor metrics such as, but not limited to, player liquidity inside each game (based on number of daily active users), the stability of each game (based on crash rates), user satisfaction (based on app store ratings), and user issues (as reported on support tickets). Games that do not meet our quality thresholds or are not determined by our proprietary algorithm to be skill-based are not prize enabled. We maintain player data and handle all communications with the players on behalf of our developers. This data model allows us to deliver effective monetization for the benefit of developers on our platform.

Games on Our Platform

We offer a wide range of gaming experiences for users. We enable game genres that can be played: (i) asynchronously; (ii) synchronously; or (iii) turn-based synchronously. An example of an asynchronous game would be a match-3 puzzle game or bingo game where users play the exact same game at different times and then the scores are compared when both contestants have played to determine the winner. An example of a synchronous game would be a real-time strategy game where users are making multiple moves simultaneously and then the winner is determined when the game ends. An example of a turn-based synchronous game would be a dominoes game in which users take turns in real-time and the winner is determined when the game ends.

Asynchronous - Blackout Bingo



PVP Sync - Dominoes Gold



Turn-Based Sync - Pool Payday



Our Distribution

Our developers distribute their games through direct app downloads from our websites, as well as third-party platforms, such as the Apple App Store, which traditionally has been the main distribution channel for our developers' games. In accordance with the Apple App Store policy, Apple does not take any share of the end-user deposits on our system; however, Apple does receive a fee for end-user deposits made through Apple Pay.

Our Marketing

Our ability to cost-effectively acquire new users is important to our success. We acquire and engage users primarily through digital ad networks, our game developers and affiliate partners. We use paid marketing channels, in combination with compelling offers and exciting games, to achieve our objectives. We optimize our marketing investment across channels in order to generate targeted returns on our marketing spending.

In addition to promoting our product offerings via traditional paid advertising channels, we cross-promote our product offerings to our existing user base across our gaming ecosystem using a combination of content, contests and offers.

We have significant opportunities to extend our marketing channels to offline media and deploy omni-channel marketing strategies to further expand our business. For example, partnerships with celebrities and influencers have the potential to cost-effectively reach new users. Moreover, we intend to opportunistically engage in brand marketing to drive broader consumer and developer awareness of our platform.

With existing users, we seek to improve engagement and retention through engagement marketing programs that provide rewards and awards for players active on our platform. Players earn loyalty currency, called Ticketz, every time they play a paid entry contest. The frequency and amount of entry fees determine the amount of Ticketz that are earned. Players can earn trophies as awards for performing certain actions or achieving milestones in games, for which they receive Ticketz or credits, to be used towards future paid-entry tournaments. Tickets earned through the loyalty rewards and awards programs can be redeemed in our in-app Ticketz Store for various prizes ranging from Skillz-branded apparel to luxury goods and vehicles. Primarily, our users convert Ticketz to bonus cash. Approximately 93% and 96% of Ticketz were issued as a result of customers participating in paid tournaments in the years ending December 31, 2024 and 2023, respectively.

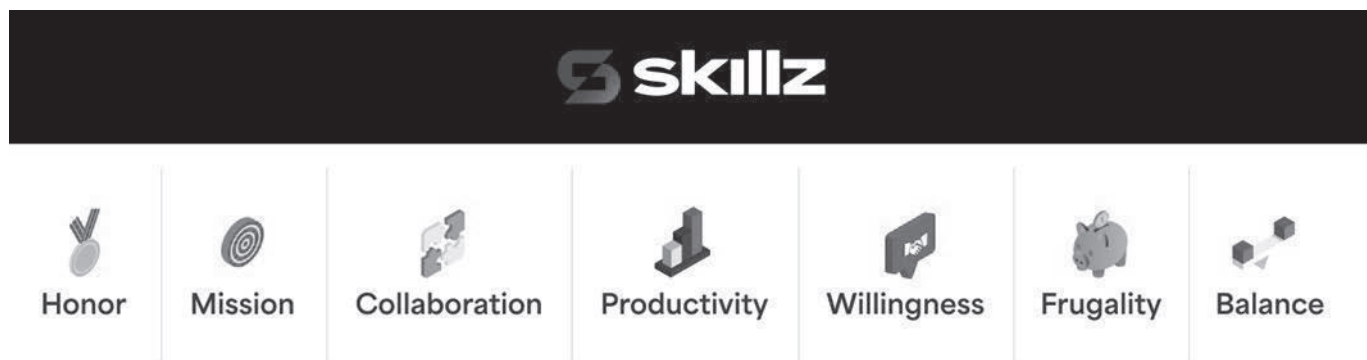
Our Customer Advocacy

We provide 24/7 support, VIP agents and trust and safety services to our players. The customer support team responds to all user inquiries including support for game crashes, payment issues, and loyalty program inquiries. For the year ended December 31, 2024, our customer support team achieved a high player customer satisfaction score (CSAT) for cash players. We have a robust VIP program that supports high value players. Our Trust & Safety team reviews any suspicious payments and chargebacks, and investigates anomalous scoring patterns and user reports of cheating, among other things. These suspected bad actors are reviewed on a case-by-case basis with several escalating levels of review, which ultimately may require an in-person play test on a Skillz-provided mobile device administered by a third-party security vendor to confirm the user's ability.

Our People

We were founded in 2012 by Andrew Paradise and Casey Chafkin. At Skillz, we believe that every employee contributes to shaping the future of interactive entertainment. We are a multinational technology company with offices in Las Vegas, San Francisco and Bangalore, India, with 323 employees located across 12 countries as of December 31, 2024. The success of our business is driven in large part by our highly skilled workforce. Additionally, we rely on independent contractors and temporary personnel to supplement our workforce from time to time. None of our employees are represented by a labor organization or are a party to any collective bargaining agreement with respect to their employment by us.

Culture and Engagement. Skillz was founded on strong ethical principles, and we have intentionally grown and continue to grow values-first – scaling our workforce, services, customer portfolio, and investment partners purposefully. To ensure our culture remains positive and strong, we conduct periodic engagement surveys to gain a better understanding of what is important to our employees. We believe that as a result of our values, we have been able to identify, attract, engage and retain great people. Our seven core values define who we are, who we would like to be, and how we make decisions:



Building a World Class Team. At Skillz, we believe a team with diverse business and geographic backgrounds leads to greater innovation, performance and engagement, enabling differential business growth. We believe that hiring employees in countries that have significant talent in gaming and advertising technology is important as our business continues to evolve. As such, we have opened an office in India to attract and retain top industry talent with experience in gaming and gaming platforms.

Competitive Compensation and Benefits. Skillz offers industry competitive wages and benefits. We also offer our employees a holistic benefits package, with premier health and welfare programs for employees and family members. We believe our employees should have the support they need to maintain a strong work/life balance, grow personally and professionally, and save for their future. While the philosophy around our benefits is the same worldwide, specific benefits vary regionally due to local regulations and preferences. In addition, many employees at Skillz may be eligible for equity awards to share in the Company's financial success.

Our Competition

We primarily compete with alternative monetization services for mobile game content. This includes platforms that facilitate in-app advertisements and purchases, and other skill based platforms. We principally compete on a number of factors, including a robust technology toolset designed with the ability to convert, engage and retain users. Our developers compete for end-users with other forms of consumer discretionary entertainment that vie for the users' time and disposable income. This includes companies that provide video entertainment, music entertainment, social networking and other forms of leisure entertainment. The large companies in our ecosystem may play multiple roles, given the breadth of their businesses.

Our Intellectual Property

Our business relies substantially on the creation, use and protection of intellectual property. We protect our intellectual property by relying on international, federal, state and common law rights. We control access to our proprietary technology by entering into confidentiality and invention assignment agreements with our employees and contractors. We actively seek patent protection covering our inventions and as of December 31, 2024, we have 91 patents granted and 86 patents pending worldwide.

Government Regulation and Compliance

Regulation

We are subject to a variety of laws in the U.S. and abroad that affect our business, including state and federal laws regarding skill-based gaming, consumer protection, electronic marketing, data protection and privacy, competition, taxation, intellectual property, export and national security, which are continuously evolving. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly outside of the U.S. It is also likely that as our business grows and evolves, particularly if we expand to other countries, we will become subject to laws and regulations in additional jurisdictions or other jurisdictions may claim that we are required to comply with their laws and regulations.

State and federal laws in the U.S. and many other jurisdictions distinguish between games of skill and games of chance. We only enable games for paid entry-fee contests in jurisdictions in which skill-based gaming is permitted and not required to be licensed as gambling under applicable law. As of December 31, 2024, we enabled cash prizes in 45 states and the District of Columbia. Skillz enables cash prizes in all states except for Arkansas, Connecticut, Delaware, Louisiana and South Dakota. We use proprietary algorithms and data science tools designed to ensure that the degree of skill involved in affecting the outcome of a contest is sufficient to comply with applicable state laws. The scope and interpretation of the laws that are or may be applicable to the determination as to whether a contest is skill-based, and therefore beyond the scope of a state's gambling laws and licensing requirements, are subject to interpretation and evolving. We have not received any licenses, authorizations or approvals confirming that the paid entry-fee contests hosted on our platform comply with applicable laws. Our compliance is based on our interpretation of existing state and federal laws regarding skill-based gaming. There is a risk that existing or future laws in the states in which we operate may be interpreted in a manner that is not consistent with our current practices, and could have an adverse impact on our business and prospects. Additionally, existing and future laws that permit skill-based gaming may be accompanied in the future by restrictions or taxes that make it less feasible or impractical to operate in these jurisdictions.

It is possible that a number of laws and regulations may be adopted or construed to apply to us that could restrict the online and mobile industries, including with respect to player privacy, taxation, content suitability, copyright, distribution and antitrust. Furthermore, the growth and development of electronic commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours conducting business through the Internet and mobile devices. We anticipate that scrutiny and regulation of our industry will increase and we will be required to devote legal and other resources to addressing such prospective regulation. For example, existing laws or new laws regarding the marketing of in-app purchases, or regulation of currency, banking institutions, unclaimed property or money transmission, may be interpreted to cover the games featured on our platform and the entry fees paid in respect of such contests. If that were to occur we may be required to seek licenses, authorizations or approvals from relevant regulators, the granting of which may be dependent on us meeting certain capital and other requirements, and we may be subject to additional regulation and oversight, all of which could significantly increase our operating costs. Changes in current laws or regulations or the imposition of new laws and regulations in the U.S. or elsewhere regarding these activities may impede the growth of social game services and impair our business, financial condition or results of operations.

Compliance

We handle, collect, store, receive, transmit and otherwise process certain personal information of users and employees, and we are subject to federal, state and foreign laws related to the privacy and protection of such data, including the General Data Protection Regulation of the European Union ("GDPR") and the California Consumer Privacy Act ("CCPA"). The scope of data privacy laws and regulations worldwide continues to evolve, and we anticipate that the number of data privacy laws and the scope of individual data privacy and protection rights will increase.

We have developed internal compliance programs in an effort to comply with legal and regulatory requirements for skill-based gaming and with respect to data privacy and security. We use geofencing technology designed to restrict user access to paid entry fee contests to only those jurisdictions where video game contests of skill are permitted. While we are committed to compliance with all applicable laws and have developed appropriate policies and procedures in order to comply with the requirements of the evolving regulatory regimes, we cannot ensure that our compliance program will prevent the violation of one or more laws or regulations, or that a violation by us or an employee will not result in the imposition of a monetary fine.

Corporate Information

We were originally incorporated in the State of Delaware on January 15, 2020 as a special purpose acquisition company, formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, recapitalization, reorganization or similar business combination with one or more businesses. In December 2020, we completed the transactions (the “FEAC Business Combination”) contemplated by that certain Agreement and Plan of Merger, dated as of September 1, 2020, by and among Flying Eagle Acquisition Corporation, a Delaware corporation (“FEAC”), FEAC Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of FEAC (“Merger Sub”), Old Skillz (which we define as Skillz Inc. prior to the FEAC Business Combination and Skillz Platform Inc. after the FEAC Business Combination), and solely in his capacity as the representative of the Old Skillz stockholders, Andrew Paradise as stockholder representative (the “Merger Agreement”), including the merger of Merger Sub with and into Old Skillz, pursuant to which (i) Old Skillz survived the merger as a wholly owned subsidiary of Skillz Inc. (“New Skillz”) and (ii) the Old Skillz stockholders and the holders of Old Skillz options and warrants exchanged their Old Skillz capital stock and Old Skillz options for equity interests in New Skillz.

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.

Our mailing address is 6625 Badura Ave, Las Vegas, NV 89118, and our telephone number is (415) 762-0511. Our Class A common stock is listed on the New York Stock Exchange (the “NYSE”) under the symbol “SKLZ.” Unless the context requires otherwise, the words “Skillz,” “we,” “Company,” “us” and “our” refer to Skillz Inc. and our wholly-owned subsidiaries.

Available Information

Our website is located at www.skillz.com, and our investor relations website is located at <http://investors.skillz.com/>. We file reports with the SEC, and copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov. We use our <http://investors.skillz.com/> and www.skillz.com websites as a means of disclosing material nonpublic information and for complying with our disclosure obligations under Regulation FD.

The contents of, or information accessible through, our websites are not incorporated by reference into this Annual Report or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

We have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition, results of operations or reputation. The risks described below are not the only risks we face. Additional risks not presently known to us or that we currently believe are not material may also significantly affect our business, financial condition, results of operations or reputation. Our business could be harmed by any of these risks. In assessing these risks, you should also refer to the other information contained in this Annual Report, including our consolidated financial statements and related notes.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, all of which are more fully described in the Risk Factors below. These risks include, but are not limited to:

- Our ability to attract and retain end-users, and do so in a cost-effective manner;
- Our ability to manage our growth effectively;
- Our ability to achieve profitability given our history of losses;
- Our reliance on our third-party developer partners to continue to offer a competitive experience in existing and new games on our platform;
- Risks related to the fact that a limited number of games account for a substantial portion of our revenue;
- Our reliance on third-party service providers including cloud computing services, payment processors, and infrastructure service providers, and our ability to manage our relationships with such providers or lose access to such services;
- The competitiveness of the broader entertainment industry;
- Risks associated with competitors that do not follow ethical fairness practices to grow their businesses.
- Risks associated with disruptive technologies, including artificial intelligence;
- Risks 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;
- Our ability to obtain, maintain, protect or enforce our intellectual property rights;
- Risks related to economic downturns and political and market conditions beyond our control;
- Risks related to the occurrence of a data breach or other failure of our cybersecurity or that of third parties with whom we interact;
- 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;
- 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; and
- Risks related to corporate responsibility and reputation.

Risks Related to Our Business and Industry

We identified certain misstatements to our previously issued financial statements and have restated certain of our Consolidated Financial Statements, which has created additional risks and uncertainties that may have a material adverse effect on our business, financial position and results of operations.

We restated previously issued unaudited interim condensed consolidated financial statements as recently as the second quarter of 2023. We concluded that prior periods should be restated to correct (i) an understatement of end-user liability, (ii) reserves for potential indirect tax liabilities, (iii) impairment of long-lived assets, (iv) stock compensation expense, (v) certain other accrued expenses, (vi) other adjustments and (vii) income tax adjustments related to the aforementioned errors.

As a result of these errors and the restatements, we have become subject to a number of additional risks and uncertainties and unanticipated costs for accounting, legal and other fees and expenses. We may become subject to legal proceedings brought by regulatory or governmental authorities, or subject to other legal proceedings, as a result of the errors or the related restatement, which could result in a loss of investor confidence or other reputational harm, the loss of key employees, additional defense and other costs. Any of the foregoing impacts, individually or in aggregate, may have a material adverse effect on our business, financial position and results of operations.

We have identified material weaknesses in our internal control over financial reporting as of December 31, 2023 and December 31, 2024. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business, operating results and stock price.

As discussed in Part II – 9A, “Controls and Procedures”, of this Annual Report, our management concluded that material weaknesses existed as of December 31, 2024.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we are unable to maintain adequate internal controls over financial reporting, our business and operating results could be harmed.

If we are unable to remediate the material weaknesses timely and sufficiently or if we identify any new material weaknesses in the future, our ability to prevent or detect a misstatement of our accounts or disclosures could result in a material misstatement of our annual or interim financial statements. In such a case, we may be unable to maintain compliance with securities law requirements (and covenants under our debt instruments) regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting, our ability to obtain additional financing may be impaired and our stock price may decline as a result. For example, the identified material weaknesses have impeded the Company’s ability to timely file annual and quarterly reports with the Securities and Exchange Commission, including this Annual Report on Form 10-K for the fiscal year ended December 31, 2024 as well as the Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2025 and June 30, 2025, and may impede our ability to timely file such reports again in the future. We could also become subject to investigations or sanctions by the SEC, the stock exchange on which our securities are listed or other regulatory authorities. Likewise, failure to timely file our financial statements could cause us to be ineligible to utilize short form registration statements, which could impair our ability to obtain capital in a timely fashion to execute our business strategies or issue shares to effect an acquisition. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

Competition within the broader entertainment industry is intense and our existing and potential users may be attracted to competing forms of entertainment such as television, movies and sporting events, as well as other entertainment and gaming options on the internet. If our platform and games available through our platform do not continue to be popular, our business, financial condition, results of operations and prospects would be materially adversely affected.

We operate in the highly competitive global entertainment and gaming industries, where consumers have numerous alternative sources of entertainment, including television, movies, sports, and casinos, many of which are more established and may be perceived as offering greater variety, affordability, or enjoyment. We compete for users’ limited discretionary time and income, and if we fail to sustain sufficient interest in our platform relative to other entertainment options, our business could be adversely affected. The industry in which we operate is characterized by rapid technological change, evolving customer

preferences and demand, and intense competition from both established well-financed companies producing online games, and/or interactive entertainment products and emerging companies who may have significant financial and marketing resources. Our competitors may also develop products, features and services that are similar to ours or that achieve greater market acceptance. Competitors may invest more heavily in product development, undertake extensive marketing, campaigns, adopt aggressive pricing or promotional strategies, and may create partnerships with developers, or otherwise achieve greater commercial success than we do, which could adversely impact our business. Advancements in artificial intelligence may further intensify competition, and our failure to effectively integrate AI into our products and operations could impair our ability to remain competitive and may reduce our market share. In addition, continuing consolidation in the entertainment and gaming industries may create larger and better-capitalized competitors with broader product offerings and geographic reach. If we are unable to maintain or grow our market share or keep our platform offerings popular with users, our business, financial condition, and results of operations could be adversely affected.

We are subject to risks associated with competitors that do not follow ethical fairness practices to grow their businesses.

Consistent with our advertising, marketing and branding, each head-to-head match coordinated through our platform is between two real players. However, we believe some of our competitors, despite advertising and marketing to the contrary, deploy algorithmic competitors (“bots”) in games offered on their platforms such that real players are matched against bots instead of other real players. By matching bots against real players, we understand that competitors can engineer the outcome of such matches and make economic gains at the cost of players. As a result, these competitors may be able to build their businesses at a faster rate and with more cost efficiencies than we are able to, which hurts our competitive position amongst “fair play” skill-based gaming platform providers.

We have worked, and will continue to work, towards helping to stop these dishonest practices. In February 2024, we and Big Run Studios, Inc. (“Big Run”) brought suit against AviaGames, Inc. (“AviaGames”) for false advertising, copyright infringement, and violations of California’s state unfair competition law in relation to AviaGames’ use of bots on its platform. We are currently involved in other ongoing litigation with other defendants in relation to similar claims related to bot misuse. In April 2024, we, Big Run and AviaGames’ entered into a settlement agreement that resolved the bot misuse litigation with respect to AviaGames, but there is no guarantee we will resolve our other ongoing bot misuse litigation on favorable terms. Additionally, although we intend to initiate additional actions to protect our company and players, our ability to bring claims related to bot misuse depends on our ability to detect bot misuse. It may be difficult to detect bot users who advertise and market themselves as fair play skill-based gaming platform providers. Moreover, it may be difficult or impossible to obtain evidence of bot use in a competitor’s or potential competitor’s products, which would prevent us from successfully deterring bot misuse among our competitors.

We are subject to risks associated with disruptive technologies, including artificial intelligence.

Presently, we employ a limited array of artificial intelligence technology in our business, the use of which introduces us to certain risks including dependency on accurate intelligence performance, potential security breaches, challenges in regulatory compliance, ethical considerations, potential workforce disruption, the risk of intellectual property infringement, and other emerging technology risks. It is conceivable that we might integrate further artificial intelligence solutions into our information systems in the future, potentially assuming a more critical role in our operations over time. While we safeguard our assets, including intellectual property and sensitive information, we cannot ensure that our employees, contractors or other agents adhere to those policies. Failure or perceived failure by us to address these risks adequately may negatively impact our operations, reputation and financial performance. Further, evolving legal and regulatory requirements associated with implementing artificial intelligence tools may require significant resources to help ensure compliance with U.S. and international law.

We rely on our third-party developer partners to develop and update all of the game features on our platform not tied to our SDK. The decision of developers to remove the Skillz Software Development Kit, or "SDK" from their games or changes in the terms of our commercial relationship with third-party developers could adversely impact our financial condition, results of operations and prospects. In addition, the failure of developers to provide timely and reliable updates to their games could adversely impact our financial condition, results of operations and prospects.

We rely significantly on third-party game developers to develop the games that we host on our platform. Accordingly, our business depends on our ability to promote, enter into and maintain successful commercial relationships with such developers including through the Skillz Developer Accelerator initiative we launched in February 2025.

In general, we rely on our standard terms of service for third-party developers which govern the distribution, operations and fee sharing arrangements for hosting a game on our platform. In some cases, we rely on negotiated agreements with third-party developers that modify our standard terms of service. Quality third-party game developers are continually in high demand and there can be no assurance that the developers that have developed games for our platform historically will continue to maintain games on our platform or be willing to provide new games for our platform in the future. If we are unable to attract and maintain these third-party developer relationships, if the terms and conditions of such commercial relationships become less favorable to Skillz or if a developer decides to remove their games from our platform, our results of operations and prospects would suffer and we may not recoup any of or a portion of the capital we have already deployed, or the capital we intend to further deploy, in connection with the Skillz Developer Accelerator initiative.

In addition, we rely on our developer partners to manage and maintain their games, including updating their games to include the latest version of the Skillz SDK. The failure of our developer partners to provide timely and reliable updates could adversely impact our financial condition, results of operations and prospects.

Our focus on our third-party developers and willingness to focus on the long-term benefits of our relationships with such developers may conflict with the short-term interests of our business. We believe our third-party developer partners are essential to our success and establishing mutually successful relationships with such developers serves the best long-term interests of Skillz and our stockholders. Therefore, we have made in the past, and we may make in the future, significant investments (such as the Skillz Developer Accelerator program) or changes to the terms of our relationships with our developer partners that we believe will benefit us in the long-term, even if our decision has the potential to negatively impact our operating results in the short-term. In addition, our decisions may not result in the long-term benefits that we expect, in which case the success of our platform, business, financial condition or results of operations could be harmed.

Historically, a limited number of games have accounted for a substantial portion of our revenue. If these games were to become less popular or be removed from our platform and we are unable to identify and market suitable replacements, our business and prospects could suffer.

Historically, our top games and related developers have accounted for a substantial portion of our revenue earned from the Skillz platform. For the year ended December 31, 2024, Solitaire Cube and 21 Blitz (each developed by Tether Studios, LLC (“Tether”)) and Blackout Bingo (developed by Big Run Studios Inc. (“Big Run”)) combined accounted for 59% of revenue. For the year ended December 31, 2024, Tether accounted for 45% of our revenue and Big Run accounted for 26% of revenue. These games, and the related developers, have historically been subject to our terms of service, which include, among other things, developer exclusivity for certain periods of time, as modified by negotiated agreements. The negotiated agreements provide Skillz with the discretion, but not the obligation, to provide marketing support for specified games and for revenue sharing with the developers that is more favorable to Skillz than our standard terms. These negotiated agreements restrict the removal of the applicable games from our platform for at least 12 months following termination.

As previously disclosed, on August 29, 2025, we received a notice (“Notice”) from Tether indicating that Tether is terminating all of its various agreements with us (the “Tether Agreements”), including our terms or services, effective as of September 1, 2025. Tether’s Notice provides that Tether is terminating the Tether Agreements for convenience, while also asserting grounds for termination for cause (effective as of September 28, 2025) in the event its termination for convenience is not held as effective by a competent tribunal. We believe the termination notice to be invalid and in breach of Tether’s obligations under the Tether Agreements.

Certain of the Tether Agreements restrict the removal of two games covered thereby, Solitaire Cube and 21 Blitz, from the Company’s platform for at least 18 months following termination. During the post-termination period, Skillz has the option, but not the obligation, to host paid competitions for such games on the platform.

Following receipt of the Notice, on September 1, 2025, we filed suit in the Court of Chancery of the State of Delaware, seeking injunctive and declaratory relief in relation to Tether’s breach of the Tether Agreements. The Company is also disputing Tether’s allegations with respect to the grounds for termination of the Tether Agreements for cause. We intend to defend our position, but can provide no assurances regarding the outcome of the claim and the impact it may have on our business. See “—We have been and continue to be party to litigation and we may be subject to future litigation in the operation of our business. An adverse outcome in one or more proceedings could adversely affect our business” below for additional information related to risks associated with our litigation.

If we are unable to negotiate new terms with Tether (or, when necessary, with any other top developers) or any new terms are less favorable to us, or if our litigation against Tether is unsuccessful, and games were to be removed from our platform and

we are unable to identify and market suitable replacements, there may be a material adverse effect on our business and results of operations.

Our growth will depend on the ability to attract and retain end-users who participate in paid-entry fee contests, and the loss of such end-users, or failure to attract new end-users in a cost-effective manner, would adversely affect our business, financial condition, results of operations and prospects.

Our business depends on maintaining a successful platform for third-party developed games that end-users will download and pay entry fees to compete in. As a result, our business relies on our ability to engage with players by consistently and timely making available through our platform games that are engaging, trustworthy and competitive with compelling content, features and events.

The success of the games featured on our platform depends, in part, on unpredictable and volatile factors beyond our control, including consumer preferences, competing games, new mobile platforms and the availability of other entertainment experiences. Our end-users have accounts in which they make deposits and hold prior winnings. Prior winnings represented more than 84% of total paid-entry fees for the year ended December 31, 2024. If the games offered on our platform do not meet consumer expectations, if they are not marketed in a timely and effective manner, or if end-users decide to withdraw prior winnings rather than apply such winnings as entry fees to enter subsequent paid contests on our platform our revenue cash flow and financial performance will be negatively affected. End-user liability as of December 31, 2024 amounted to \$6.9 million and is reflected in our balance sheet within other current liabilities. Typically, these funds are returned to end-users if they choose to withdraw them from their account.

In addition to the market factors noted above and elsewhere in these risk factors, our ability to successfully attract games to our platform and the ability of such games to achieve commercial success will depend on our ability to:

- achieve benefits from player acquisition costs;
- achieve viral organic growth and gain user interest in our featured games through free or paid channels;
- adapt to changing player preferences;
- adapt to new technologies and feature sets for mobile and other devices;
- attract, retain and motivate talented and experienced third-party game developers to our platform;
- partner with mobile platforms and obtain featuring opportunities;
- continue to adapt to an increasingly diverse set of mobile devices, including various operating systems and specifications, limited bandwidth, and varying processing power and screen sizes;
- achieve and maintain successful end-user engagement;
- host games that can build upon or become franchise games;
- accurately forecast the timing and expense of our operations, including costs to secure and retain game developers and end-user adoption;
- minimize and quickly resolve bugs or outages negatively impacting our platform or games on our platform; and
- acquire and successfully integrate high quality mobile game assets, personnel or companies.

These and other uncertainties make it difficult to know whether our platform will succeed in continuing to host successful games and new games and features in accordance with our operating plan. If we do not succeed in doing so, our business, financial condition, results of operations and reputation could suffer.

It may become increasingly difficult and more expensive for us to acquire players for our games and we may not achieve a positive return on investment on our user acquisition efforts.

It may become increasingly difficult and more expensive for us to acquire players for our games for a variety of reasons, including the increasingly competitive nature of the mobile gaming industry as well as the proliferation of other real money gaming options available for players. Furthermore, we acquire and engage users primarily through digital ad networks, our game developers and affiliate partners. We use paid marketing channels to achieve our objectives. We optimize our marketing investment across all our channels in order to generate strong returns on our marketing spending. If the number of players who download new title launches on our platform does not meet our expectations, our revenue and operating results will suffer.

Furthermore, our spending on user acquisition is designed so that we will achieve a positive return on investment – that is, we expect that the amount we spend to acquire users in our games will be less than the revenue we ultimately generate from such acquired users. In order to determine the expected revenue from acquired users who may play our games for multiple years, we often must make certain assumptions about their projected spending behavior, and these assumptions may turn out to be incorrect. To the extent that we do not achieve a positive return on investment on our user acquisition spending, it will negatively impact our operating results.

If users engage in criminal, inappropriate or fraudulent activities that seek to exploit our platform and users, our ability to attract and retain developers and users may be harmed, which could have an adverse impact on our reputation, business, financial condition and operating results. If we fail to detect fraud or theft, including by end-users and employees, our reputation and brand may suffer, which could negatively impact our business, financial condition and results of operations and can subject us to investigations and litigation.

We have incurred, and may in the future incur, losses from fraudulent activities, including unauthorized payments, use of stolen or invalid credit cards, claims of unauthorized payments by a user, attempted payments by users with insufficient funds and other forms of financial fraud. Bad actors also engage in illegal activities involving personal information, such as the unauthorized use of another person’s identity, account or payment information and unauthorized acquisition or use of payment details, bank information, and mobile phone numbers and accounts. We may also be held liable for use of funds on our platform with fraudulent credit card data, even if the relevant transaction was approved by the associated financial institution. Acts of fraud or successful exploitation of our systems (and any failure to discover such acts in a timely manner) can harm our reputation. Failure to discover such acts or schemes in a timely manner could result in harm to our operations and negative publicity related to such schemes could have an adverse effect on our reputation.

In addition, third parties have developed, and may in the future continue to develop, “cheating” programs that exploit vulnerabilities in the games featured on our platform, automate gameplay, enable collusion, obtain unfair advantages, or otherwise undermine the integrity of our platform. These programs may harm the experiences of players who play fairly, and lead players or developers to stop engaging with our platform. Failure to detect or prevent such activity in a timely manner could lead to revenue loss, increased costs, negative publicity, and potential liability.

Further, advances in artificial intelligence may enable more sophisticated fraud and cheating methods and increase risks of unauthorized access to or disclosure of information, including through our own or third-party use of AI tools. Any failure to prevent or mitigate these risks could adversely affect our business, financial condition, results of operations, and reputation.

Maintaining and enhancing our brand and reputation is critical to our business prospects. Failure to maintain or grow our brand and reputation could harm our business, financial condition and results of operations.

We believe that our brand, identity and reputation have significantly contributed to the success of our business. We also believe that maintaining and enhancing the “Skillz” brand and reputation is critical to attracting, retaining, and developing our developers and users. Our brand and reputation are critical to attracting, retaining and growing our developer and user base. Failure to maintain or enhance the “Skillz” brand could adversely affect our growth and competitiveness. We strive to establish and maintain our brand by obtaining trademark rights. However if our trademarks or trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our competitiveness may be harmed. Maintaining and enhancing our brand and reputation also depends on our continued ability to provide high-quality, reliable and trustworthy games on our platform, which may require substantial investment, may not be successful, and may contain errors, bugs, flaws and other vulnerabilities that could adversely affect user experience, violate security standards or cause users to stop using our platform. Our ability to protect our trademarks and provide high-quality, reliable games through our platform is essential to sustaining our reputation. Product flaws, security issues, unpopular changes to our terms of service, or low-quality content could harm user trust and damage our brand, which in turn may adversely impact our business and results of operations.

Our brand and reputation may also be negatively affected by the actions of users acting under false or unauthentic identities and by the use of our platform for illicit, illegal or objectionable ends. We may also fail to respond expeditiously to the illicit efforts of third parties to gain an unfair advantage in games through cheating or other fraudulent activity or to otherwise address developer or user concerns, which could erode confidence in our brand and platform and damage our reputation. Any governmental or regulatory inquiry, investigation or action, including based on the appearance of illegal, illicit or objectionable activity or content on our platform, our business practices, or our failure to comply with laws and regulations, could damage our brand and reputation, regardless of the outcome.

We have experienced, and expect to continue to experience, media, legislative, governmental, regulatory, investor and other third-party scrutiny of our business decisions. Any scrutiny, inquiry, investigation or action, including regarding the quality and trustworthiness of the games featured on our platform, data privacy, copyright, employment or other practices, workplace culture, product changes, service quality, litigation or regulatory action or regarding the actions of our employees, may harm our brand and reputation.

Economic downturns and political and market conditions beyond our control could adversely affect our business, financial condition, results of operations and prospects.

Unfavorable or volatile domestic and international economic, market, or political conditions—including as related to inflation, rising interest rates, tariffs and changes to trade policy reduced consumer spending, or downturns in global financial markets—may reduce users’ disposable income and demand for our games, which are discretionary purchases. Further, ongoing or escalating geopolitical conflicts, such as those involving Russia and Ukraine, China and Taiwan, Israel and Gaza, and related sanctions or supply chain disruptions could further impact global markets and our operations. Any sustained economic weakness or geopolitical instability could adversely affect our business, financial condition, results of operations, and prospects.

Further, our games and contests may be considered discretionary items for users. Factors affecting the level of consumer spending for such discretionary items include general economic conditions, and other factors, such as consumer confidence in future economic conditions, fears of recession, the availability and cost of consumer credit, levels of unemployment, tax rates, interest rates, and inflationary pressure. In recent years, the United States and other significant economic markets have experienced cyclical downturns and worldwide economic conditions remain uncertain. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer discretionary spending also remain unpredictable and subject to reductions.

Our business model heavily depends upon the proliferation of mobile devices, the continued compatibility between the games featured on our platform and major mobile gaming operating systems, web browsers and upon third-party platforms for the distribution of such games. If such third parties interfere with the distribution of our products or offerings, or if our expectations with respect to mobile devices and our compatibility with third party operating systems are incorrect, our business, financial condition, results of operations and prospects would be adversely affected.

The number of people using mobile internet-enabled devices has increased dramatically over time and we expect that this trend will continue. However, the mobile market, particularly the market for mobile games, may not grow in the way we anticipate. Our future success is substantially dependent upon the continued growth of the market for mobile games. If the

mobile devices on which our games are available decline in popularity or become obsolete faster than anticipated, we could experience a decline in revenue and Gross Marketplace Volume (“GMV”) and may not achieve the anticipated return on our development efforts. Any such decline in the growth of the mobile market or in the use of mobile devices for games could harm our business, financial condition, results of operations and prospects.

The substantial majority of users access the games featured on our platform through the direct download on their mobile devices of apps developed by our developer partners. Our business model depends upon the continued compatibility between these apps and the major mobile operating systems, technologies, networks and standards that we do not control, such as the Android and iOS operating systems, and any changes, bugs, security, technical or regulatory issues in such systems, changes to our relationships with mobile manufacturers or carriers, or in their terms of service or policies that degrade our offerings’ functionality, reduce or eliminate our ability to distribute our offerings, give preferential treatment to competitive products, limit our ability to deliver high quality offerings, or impose fees or other charges related to delivering our offerings, could adversely affect our product usage and monetization on mobile devices. Third parties with whom we do not have any formal relationships control the design of mobile devices and operating systems. These parties frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. Network carriers may also impact the ability of users to download apps or access specified content on mobile devices.

In addition, we rely upon third-party platforms, such as the Apple App Store, for distribution of the games featured on our platform. The promotion, distribution and operation of apps are subject to the respective distribution platforms’ standard terms and policies for application developers, which are very broad and subject to frequent changes and differing interpretations. Furthermore, the distribution platforms may not enforce their standard terms and policies for application developers consistently and uniformly across all applications and with all publishers. A platform provider may also change its fee structure, add fees associated with access to and use of its platform and alter how developers and publishers are able to advertise on the platform. Such terms and policy changes may decrease the visibility or availability of the games featured on our platform, which could adversely affect our business, financial condition or results of operations. In addition, we may be subject to changes in the policies or structures of online platforms for purchase and download mobile applications that may negatively impact the number of organic downloads of our games.

If the growth of high-bandwidth capabilities, particularly for mobile devices, is slower than we expect, end-user growth, retention, and engagement may be seriously harmed. Additionally, to deliver high-quality content over mobile cellular networks, the games offered through our platform must work well with a range of mobile technologies, systems, networks, regulations, and standards that we do not control. In addition, the adoption of any laws or regulations that adversely affect the growth, popularity, or use of the Internet, including laws governing Internet neutrality, could decrease the demand for our platform and increase our cost of doing business. Specifically, any laws that would allow mobile providers in the United States or abroad to impede access to content, or otherwise discriminate against our content, such as providing for faster or better access to our competitors, over their data networks, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We rely on information technology (“IT”) and other systems and platforms, and any failures, errors, defects or disruptions in our or our vendors’ or other partners’ systems or platforms could diminish our brand and reputation, subject us to liability, disrupt our business, affect our ability to scale our technical infrastructure and adversely affect our business, financial condition, operating results and growth prospects.

Our technology infrastructure is critical to the performance of our platform and offerings and to the satisfaction of our developer partners and users. We devote significant resources to network and data security that are designed to protect our systems and data, including resources devoted to the rapid evolution and increased adoption of artificial intelligence technologies. However, cybersecurity incidents, including breaches, computer malware, computer hacking, ransom-related extortion events, system failures, fraud, data loss, and insider threats have become more prevalent in our industry, and our systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to our business. We cannot assure you that our current or future infrastructure protection technologies and disaster recovery plans can prevent or mitigate such cybersecurity incidents, any of which could have a material adverse effect on our business, financial condition, results of operations, reputation, and liquidity. Moreover, such incidents could result in disruption of our operations and the services we provide to users, legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties that cannot be estimated or predicted. We may be required to expend significant additional resources to comply with such laws and regulations, incur fines for noncompliance, and otherwise be exposed to litigation and regulatory action as a result thereof. We have experienced and will continue to experience hacking attacks and attempted attacks of varying degrees from time to time. Given our prominence in the gaming industry, we believe we are a particularly attractive target for hackers. Additionally, rapidly evolving technology and capabilities (including artificial

intelligence), evolving changes in the sources, capabilities and targets for cybersecurity attacks, as well as the increasing sophistication of cyber criminals increase the risk of material data compromise or business disruption.

Our vendors and other third parties with whom we do business, such as our developer partners, are also subject to the foregoing risks, and we do not have any control over them. We have experienced, and we may in the future experience, system disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors and capacity constraints. Such disruptions have not had a material impact, individually or in the aggregate to date; however, future disruptions from unauthorized access to, fraudulent manipulation of, or tampering with our computer systems and technological infrastructure, or those of third parties, could result in a wide range of negative outcomes, including violations of applicable privacy and other laws which can result in significant fines, governmental investigations and enforcement actions, legal and financial exposure, contractual liability and damage to our reputation, each of which could materially adversely affect our business, financial condition, results of operations, reputation and prospects.

Additionally, the games offered through our platform may contain errors, bugs, flaws or corrupted data, and these defects may only become apparent after their launch. If a particular game is unavailable when users attempt to play it or navigation through our platform is slower than they expect, users may be unable to properly engage in the games we host. Furthermore, programming errors, defects and data corruption could disrupt our operations, adversely affect the experience of end-users, harm our reputation, cause end-users to stop utilizing our platforms, divert our resources and delay market acceptance of our offerings, any of which could result in legal liability to us or harm our business, financial condition, results of operations and prospects.

If our developer and the end-user base and engagement continue to grow, and the amount and types of games offered through our platform continue to grow and evolve, we will need an increasing amount of technical infrastructure, including network capacity and computing power, to continue to satisfy end-users' needs. Such infrastructure expansion may be complex, and unanticipated delays in completing these projects or availability of components may lead to increased project costs, operational inefficiencies, or interruptions in the delivery or degradation of the quality of our platform. In addition, there may be issues related to this infrastructure that are not identified during the testing phases of design and implementation, which may only become evident after we have started to fully use the underlying equipment or software, that could further degrade the user experience or increase our costs. As such, we could fail to continue to effectively scale and grow our technical infrastructure to accommodate increased demands. In addition, our business may be subject to interruptions, delays or failures resulting from adverse weather conditions, other natural disasters, power loss, terrorism, cyber-attacks, public health emergencies or other catastrophic events.

We believe that if our third-party developers or users have a negative experience with our platform or services, or if our brand or reputation is negatively affected, developers and users may be less inclined to continue or to engage with our platform. As such, a failure or significant interruption in our service would harm our reputation, business and operating results.

In addition, as we expand our business and acquire more users, it is important that we continue to maintain a high level of customer service and satisfaction. As our paying user base continues to grow, we will need to expand our customer service and personnel, which will require more complex management and systems. If we are not able to continue to provide high levels of customer service, we may lose acquired users.

Our business is subject to a variety of U.S. and foreign laws, many of which are unsettled and still developing and which could subject us to claims or otherwise harm our business, financial condition, results of operations and growth prospects. Any change in existing laws, or their interpretation, or the regulatory climate applicable to our platform and services, or changes in tax laws or interpretation thereof related to our platform and services, could adversely impact our ability to operate our business as currently conducted or as we seek to operate in the future, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We are subject to a variety of laws in the U.S. and abroad that affect our business, including state and federal laws regarding skill-based gaming, consumer protection, electronic marketing, data protection and privacy, competition, taxation, intellectual property, artificial intelligence, export and national security, which are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly outside the U.S. In 2022, the Australian Taxation Office completed a comprehensive review of the Company's tax obligations and determined the Company was required to register for the Goods and Service Tax in Australia. The Company then conducted a review of other foreign jurisdictions and determined it was liable for indirect taxation in various countries. See Note 10, Commitments and Contingencies, for further details. There is a risk that existing or future laws may be interpreted in a manner that is not consistent with our current practices, and could have an adverse effect on our business, financial condition,

results of operations and growth prospects. It is also likely that as our business grows and evolves, particularly if we expand to other countries, we will become subject to laws in additional jurisdictions or other jurisdictions may claim that we are required to comply with their laws.

State and federal laws in the U.S. distinguish generally between games of skill and games of chance. We only enable games for paid entry-fee contests in states in which skill-based gaming is permitted and not required to be licensed as gambling under applicable state law. As of December 31, 2024, we are permitted to operate skills-based gaming in 45 states and the District of Columbia. We use proprietary algorithms and data science tools designed to ensure that the degree of skill involved in affecting the outcome of a contest is sufficient to comply with applicable state laws. The scope and interpretation of the laws that are or may be applicable to the determination as to whether a contest is skill-based, and therefore beyond the scope of a state's gambling laws and licensing requirements, are subject to interpretation and evolving. There is a risk that existing or future laws in the states in which we operate may be interpreted in a manner that is not consistent with our current practices, and could have an adverse impact on our business and prospects. Additionally, existing and future laws that permit skill-based gaming may be accompanied in the future by restrictions, licensing requirements or taxes that make it impractical or less feasible to operate in these jurisdictions.

It is possible that a number of laws may be adopted or construed to apply to us that could restrict the online and mobile gaming industries, including player privacy, taxation, content suitability, copyright, distribution and antitrust. Furthermore, the growth and development of electronic commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies such as ours conducting business through the Internet and mobile devices. We anticipate that scrutiny and regulation of our industry will increase and we will be required to devote legal and other resources to addressing such regulation. For example, existing laws or new laws regarding the marketing of in-app purchases, or regulation of currency, banking institutions, unclaimed property or money transmission may be interpreted to cover the games and contests featured on our platform and the entry fees paid in respect of such contests. If that were to occur, we may be required to seek licenses, authorizations or approvals from relevant regulators, the granting of which may be dependent on us meeting certain capital and other requirements and we may become subject to additional regulation and oversight, all of which could be time consuming and significantly increase our operating costs. Any delays in obtaining or difficulty in maintaining regulatory approvals needed for expansion within existing jurisdictions or into new jurisdictions may negatively affect our opportunities for growth, including the growth of our customer base, or delay our ability to recognize revenue from our offerings in any such jurisdictions. Regulatory authorities may have broad powers with respect to the regulation and licensing of skill-based gaming operations and may revoke, suspend, condition or limit such licenses, impose substantial fines on us or take other actions, any one of which could have a material adverse effect on our business. We will strive to comply with all applicable laws and regulations relating to our business. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules. Non-compliance with any such law or regulations could expose us to claims, proceedings, litigation and investigations by private parties and government authorities, as well as substantial fines and negative publicity, each of which may materially and adversely affect our business, financial condition, results of operations, growth prospects and reputation.

Governmental authorities could view us as having violated applicable laws, despite our efforts to comply. There is also a risk that civil and criminal proceedings, brought by or on behalf of prosecutors or public entities or incumbent providers of entertainment and gaming services, or private individuals, including class actions, could be initiated against us, Internet service providers, credit card and other payment processors, advertisers and others involved in the skill-based gaming industries. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon us or our business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as impact our reputation.

There can be no assurance that legally enforceable legislation will not be proposed and passed in jurisdictions relevant or potentially relevant to our business to prohibit, restrict, or regulate various aspects of the skill-based gaming industry (or that existing laws in those jurisdictions will not be interpreted negatively by governmental authorities). Compliance with any such legislation may have a material adverse effect on our business, financial condition results of operations and prospects, either as a result of our determination that a jurisdiction should be blocked, or that a local license or approval may be costly for us or our business partners to obtain and/or such licenses or approvals may contain other commercially undesirable conditions.

Changes in tax laws or tax rulings could materially affect our effective tax rates, financial position and results of operations.

Currently, Skillz is subject to indirect taxation and reporting in approximately 218 domestic and international jurisdictions. The tax regimes we are subject to or operate under are unsettled and may be subject to significant change. In the course of our business, there will be many transactions and calculations where the ultimate tax determination is uncertain. Changes in tax laws or tax rulings, or changes in interpretations of existing laws, could cause us to be subject to additional income-based taxes and non-income taxes (such as payroll, sales, use, value-added, digital tax, net worth, property, and goods and services taxes), which in turn could materially affect our financial position and results of operations. For example, in July 2025, the U.S. Congress enacted the One Big Beautiful Bill Act (“OBBBA”) which includes significant provisions, including tax cut extensions and modifications to the international tax framework. While Skillz continues to evaluate the impact of these legislative changes as additional guidance becomes available, uncertainty remains regarding the timing and interpretation by tax authorities in affected jurisdictions. These legislative changes could have an adverse impact on Skillz’s future effective tax rate, tax liabilities, and cash tax.

Additionally, there is no guarantee that the tax regime to which we are subject in the U.S. and abroad will not change to our detriment. In addition, from time to time, various legislators and other government officials have proposed and adopted changes in tax laws, or in the administration or interpretation of such laws, affecting the gaming industry. For example, many countries in the European Union, as well as a number of other countries, including India, and organizations such as the Organization for Economic Cooperation and Development, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could impact our tax obligations. Any significant changes to our future effective tax rate may result in a material adverse effect on our business, financial condition and results of operations. In addition, any worsening of economic conditions and the large number of jurisdictions with significant current or projected budget deficits could intensify the efforts of governments to raise revenues through increases in gaming taxes and/or other taxes. It is not possible to determine with certainty the likelihood of changes in tax laws or in the administration or interpretation or enforcement of such laws. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our business, financial condition, results of operations and prospects. Additionally, tax authorities may impose indirect taxes on internet-related commercial activity based on existing statutes and regulations which, in some cases, were established prior to the advent of the Internet. Tax authorities may interpret laws originally enacted for mature industries and apply it to newer industries, such as the skill-based gaming industry. The application of such laws may be inconsistent from jurisdiction to jurisdiction.

If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the “1940 Act”), applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an “investment company” for purposes of the 1940 Act if (1) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (2) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an “investment company,” as such term is defined in either of those sections of the 1940 Act. In addition, we believe that we are not an investment company under Section 3(b)(1) of the Investment Company Act as we are primarily engaged in a non-investment company business.

We intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations.

Companies and governmental agencies may restrict access to platforms, our website, mobile applications or the Internet generally, which could lead to the loss or slower growth of players on the Skillz platform.

Players generally need to access the Internet and in particular platforms or our website to play the games available on the Skillz platform. Companies and governmental agencies could block access to any platform, our website, mobile applications or the Internet generally for a number of reasons such as security or confidentiality concerns or regulatory reasons, or they may adopt policies that prohibit employees from accessing Apple or Google and our website or any social platform. If companies or governmental entities block or limit such or otherwise adopt policies restricting players from playing the games available on the Skillz platform, our business could be negatively impacted and could lead to the loss or slower growth of players on the Skillz platform.

We primarily rely, and expect to continue to rely, on Amazon Web Services (“AWS”) to deliver our offerings to users on our platform and any failure or disruption of or interference with our use of AWS could adversely affect our business, financial condition, results of operations and prospects.

Our technology infrastructure is critical to the performance of our platform and to the satisfaction of our developer partners and users, as well as our corporate functions. Our platform and company systems run on a complex distributed system, or what is commonly known as cloud computing. We own, operate and maintain elements of this system, but significant elements of this system are operated by third parties that we do not control and which would require significant time and expense to replace. We expect this dependence on third parties to continue. We have suffered interruptions in service in the past, including when releasing new software versions or bug fixes, and we may in the future experience disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors and capacity constraints. If any such interruption were significant and/or prolonged it could adversely affect our business, financial condition, future prospects, results of operations or reputation. Further, if a particular game is unavailable when players attempt to access it or navigation through a game is slower than they expect, players may stop playing the game and may be less likely to return to the game as often, if at all.

In particular, a significant portion of our game traffic, data storage, data processing and other computing services and systems is hosted by AWS. AWS provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. The agreement requires AWS to provide us their standard computing and storage capacity and related support in exchange for timely payment by us.

To the extent we or our third-party service providers do not effectively respond to any interruptions, upgrade systems as needed and continually develop technology and network architecture to accommodate traffic, our business, reputation, financial condition or results of operations could be adversely affected. We do not maintain insurance policies covering losses relating to our systems and we do not have business interruption insurance. Furthermore, our disaster recovery systems and those of third parties with which we do business may not function as intended or may fail to adequately protect our critical business information in the event of a significant business interruption, which may cause interruption in service of our games, security breaches or the loss of data or functionality, leading to a negative effect on our business, financial condition or results of operations.

In addition, in the event that any of our agreements with these third party service providers are terminated, we may experience significant costs or downtime in connection with the transfer to, or the addition of, new hosting or cloud computing providers. Although alternative providers could host our platform on a substantially similar basis, such transition could potentially be disruptive and we could incur significant costs in connection with such transition.

Our use of third-party open source software could negatively affect our ability to offer our products and services through our platform and subject us to possible litigation.

We have incorporated, and may in the future incorporate, third-party open source software in our technologies. Open source software is generally licensed by its authors or other third parties under open source licenses. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and requesting compliance with the open source software license terms. Accordingly, we may be subject to suits by parties claiming ownership of what we believe to be open source software or claiming non-compliance with the applicable open source licensing terms. Some open source software licenses require end-users who use, distribute or make available across a network software and services that include open source software to offer to the public aspects of the technology that incorporates the open source software for no cost, make publicly available source code (which in some circumstances could include valuable proprietary code) for modifications or derivative works created based upon incorporating or using the open source software and/or to license such modifications or derivative works under the terms of the particular open source license. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release or license the source code of our proprietary software to the public. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose any of our source code that incorporates or is a modification of our licensed software. While we have internal processes and use tools designed to help us monitor and comply with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the terms of their licenses, including claims of intellectual property rights infringement or for breach of contract. Furthermore, there exists today an increasing number of types of open source software licenses, almost none of which have been tested in courts of law to provide guidance of their proper legal interpretations, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our use of the open source software. If we were to receive a claim of non-compliance with the terms of any of these open source licenses, we may be required to publicly release certain portions of our proprietary source code, expend substantial time and resources to re-engineer some of our software, or pay damages, settlement fees or a royalty to use certain open source software. Any of the foregoing could disrupt and harm our business.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software as open source licensors generally do not provide support, warranties, controls, indemnification or other contractual protections regarding the functionality or origin of the software. Use of open source software may also present additional security risks as the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Any of the foregoing could harm our business, financial condition, results of operations and prospects and could help our competitors develop products and services that are similar to or better than ours.

We rely on other third-party service providers and if such third parties do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition and results of operations could be adversely affected.

Our success depends in part on our relationships with our third-party service providers. If those providers do not perform adequately, end-users may experience issues or interruptions with their experiences on our platform. Furthermore, if any of our partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate provider, and we may not be able to secure similar terms or replace such providers in an acceptable time frame. We also rely on software and services supplied by third parties, such as game content, and our business may be adversely affected to the extent such game content does not meet our expectations, contains errors or vulnerabilities, is compromised or experiences outages. Any of these risks could increase our costs and adversely affect our business, financial condition, results of operations and prospects. Further, any negative publicity related to any of our third-party partners, including any publicity related to regulatory concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure.

We incorporate technology from third parties into our platform. We cannot be certain that our licensors are not infringing, misappropriating or otherwise violating the intellectual property rights of others or that our suppliers and licensors have sufficient rights to such technology in all jurisdictions in which we may operate. In addition, some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology as a result of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain such technology or enter into new agreements on commercially reasonable terms, our ability to develop our platform could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive offerings and increase our costs. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our offerings, which could adversely affect our business, financial condition and results of operations and prospects.

We rely on third-party providers to validate the identity and identify the location of end-users, and if such providers fail to perform adequately, or if we do not maintain business relationships with them, our business, financial condition, results of operations and prospects could be adversely affected.

There is no guarantee that the third-party geolocation and identity verification systems that we rely on will perform adequately, or be effective. We rely on our geolocation and identity verification systems to ensure we are in compliance with certain laws and regulations, and any service disruption to those systems would prohibit us from operating our platform in compliance with law, or at all, and would adversely affect our business, financial condition, results of operations and prospects. Additionally, incorrect or misleading geolocation and identity verification data with respect to current or potential users received from third-party service providers may result in us inadvertently allowing access to our offerings to individuals who should not be permitted to access them, or otherwise inadvertently deny access to individuals who should be able to access our offerings. Our third-party geolocation services provider relies on its ability to obtain information necessary to determine geolocation from mobile devices, operating systems, and other sources. Changes, disruptions or temporary or permanent failure to access such sources by our third-party services providers may result in their inability to accurately determine the location of end-users. Moreover, our inability to maintain our existing contracts with third-party services providers, or to replace them with equivalent third parties, may result in our inability to access geolocation and identity verification data necessary for our day-to-day operations. If any of these risks materializes, we may be subject to disciplinary action, fines, lawsuits, and our business, financial condition, results of operations, prospects and reputation could be adversely affected.

We rely on third-party payment processors to process deposits and withdrawals made by end-users on the platform, and if we cannot manage our relationships with such third parties and other payment-related risks, our business, financial condition and results of operations could be adversely affected. Further, we may have difficulty accessing the services of banks, credit card issuers and payment processing services providers, which may make it difficult to sell our products and services.

We rely on a limited number of third-party payment processors to handle deposits and withdrawals on our platform. If these providers terminate or fail to renew their agreements on acceptable terms, experience outages, errors, or security incidents, or are unable to support our needs, we may lose the ability to process payments or timely pay users, which could damage trust in our platform and adversely affect our ability to attract and retain players.

Nearly all of our payments are made by credit card, debit card or through other third-party payment services, which subjects us to certain regulations and to the risk of fraud. We may in the future offer new payment options to users that may be subject to additional regulations and risks. We are also subject to a number of other laws and regulations relating to the payments we accept from end-users, including with respect to money laundering, money transfers, privacy and information security. If we fail to comply with applicable rules and regulations, we may be subject to civil or criminal penalties, fines and/or higher transaction fees and may lose our ability to accept online payments or other payment card transactions, which could make our offerings less convenient and attractive to end-users. If any of these events were to occur, our business, financial condition, results of operations and prospects could be materially adversely affected.

Additionally, our payment processors require us to comply with payment card network operating rules, which are set and interpreted by the payment card networks. The payment card networks could adopt new operating rules or interpret or reinterpret existing rules in ways that might prohibit us from providing certain offerings to some users, be costly to implement or difficult to follow. We have agreed to reimburse our payment processors for fines they are assessed by payment card networks if we or the users on our platform violate these rules.

Our payment activities are subject to extensive card-network rules and laws governing money transmission, fraud prevention, and data security. Noncompliance, new or reinterpreted network rules, or reluctance by banks and processors to serve gaming businesses could increase our costs, limit payment options, or restrict our operations. If we were unable to maintain Skillz's bank accounts or end-users were unable to use their credit cards, bank accounts or e-wallets to make deposits and withdrawals from our platforms it would make it difficult for us to operate our business, increase our operating costs, and pose additional operational, logistical and security challenges which could result in an inability to implement our business plan. Any disruption in our payment processing capabilities could materially adversely affect our business, financial condition, and results of operations

Our strategy to expand internationally will be subject to increased challenges and risks; our growth prospects and market potential will depend on our ability to operate in a number of jurisdictions and if we fail to do so our business, financial condition, results of operations and prospects could be impaired.

Our ability to grow our business will depend on our ability to offer our product offerings in a large number of jurisdictions or in heavily populated jurisdictions. If we fail to remain in large jurisdictions or in a greater number of mid-market jurisdictions, this may prevent us from expanding the footprint of our product offerings, increasing the end-user base and/or generating revenues. We cannot be certain that we will be able to conduct our skill-based gaming operations in any particular jurisdiction. Any failure could have a material adverse effect on our business, financial condition, results of operations and prospects.

One of our growth strategies is to expand our business outside the United States. An important part of targeting international markets is developing offerings that are localized and customized for the players in those markets. Our ability to expand our business and to attract talented employees and players in international markets will require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems and commercial infrastructures. Expanding our international focus may subject us to risks that we have not faced before or increase risks that we currently face, including risks associated with:

- inability to host certain games in certain foreign countries;
- challenges caused by distance, language and cultural differences;
- developing and customizing games and other offerings that appeal to the tastes and preferences of players in international markets;
- competition from local game makers with significant market share in those markets and with a better understanding of player preferences;
- utilizing, protecting, defending and enforcing our intellectual property rights;
- the inability to extend proprietary rights in our brand, content or technology into new jurisdictions;
- implementing alternative payment methods for virtual items in a manner that complies with local laws and practices and protects us from fraud;
- compliance with applicable foreign laws and regulations, including privacy laws and laws relating to content and consumer protection;
- compliance with anti-bribery laws, including the Foreign Corrupt Practices Act;
- credit risk and higher levels of payment fraud;
- currency exchange rate fluctuations;
- protectionist laws and business practices that favor local businesses in some countries;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the tax laws of the U.S. or the foreign jurisdictions in which we operate;
- political, economic and social instability;
- higher costs associated with doing business internationally;
- export or import regulations; and
- trade and tariff restrictions.

If we are unable to manage the complexity of our global operations successfully, our business, financial condition and operating results could be adversely affected. Additionally, our ability to successfully gain market acceptance in any particular market is uncertain, and the distraction of our senior management team could harm our business, financial condition, results of operations and prospects.

Our results of operations may fluctuate due to seasonality and other factors and, therefore, our periodic operating results will not be guarantees of future performance.

Our financial results and operations in any given period may be influenced by numerous factors, many of which we are unable to predict or are outside of our control, including the impact of seasonality, and the other risks and uncertainties set forth herein, and therefore may not fully reflect the underlying performance of our business. Consumer engagement with our gaming platform may decline or fluctuate as a result of a number of factors, including the popularity of the underlying games, the user's level of satisfaction with our platform, the ability of our developer partners to improve and innovate games, our ability to adapt our platform, outages and disruptions of online services, the availability of alternative live events or entertainment, the services offered by our competitors, our marketing and advertising efforts or declines in consumer activity generally as a result of economic downturns, among others. Any decline or fluctuation in the recurring portion of our business may have a negative impact on our business, financial condition, results of operations or prospects.

We may invest in or acquire other businesses, and our business may suffer if we miscalculate the value or benefits of such acquired businesses, if we are unable to successfully integrate acquired businesses into our company or otherwise manage the growth associated with multiple acquisitions.

We intend to evaluate and pursue acquisitions and strategic investments. Each of these acquisitions will require unique approaches to integration due to, among other factors, the structure of the acquisitions, their locations and cultural differences among their teams and ours. If we are unable to obtain the anticipated benefits from these acquisitions and strategic investments, or we encounter difficulties in integrating their operations with ours, our business, financial condition, results of operations and prospects could be materially harmed. Challenges and risks from such investments and acquisitions include:

- negative effects on business initiatives and strategies from the changes and potential disruption that may follow the acquisition;
- diversion of our management's attention;
- declining employee morale and retention issues resulting from changes in compensation, or changes in management, reporting relationships, or future prospects;
- the need to integrate the operations, systems, technologies, products and personnel of each acquired company, the inefficiencies and lack of control that may result if such integration is delayed or not implemented, and unforeseen difficulties and expenditures that may arise in connection with integration;
- the difficulty in determining the appropriate purchase price of acquired companies may lead to the overpayment for certain acquisitions and the potential impairment of intangible assets and goodwill acquired in the acquisitions;
- the difficulty in successfully evaluating and utilizing the acquired products, technology or personnel;
- the potential incurrence of debt, contingent liabilities, amortization expenses or restructuring charges in connection with any acquisition;
- the need to implement controls, procedures and policies appropriate for a larger, U.S.-based public company at companies that prior to acquisition may not have as robust controls, procedures and policies, in particular, with respect to the effectiveness of cyber and information security practices and incident response plans, compliance with privacy and other regulations protecting the rights of developers and users, and compliance with U.S.-based economic policies and sanctions which may not have previously been applicable to the acquired company's operations;
- the difficulty in accurately forecasting and accounting for the financial impact of an acquisition transaction, including accounting charges and integrating and reporting results for acquired companies that have not historically followed GAAP;
- the fact that we may be required to pay contingent consideration in excess of the initial fair value, and contingent consideration may become payable at a time when we do not have sufficient cash available to pay such consideration;
- under purchase accounting, we may be required to write off deferred revenue which may impair our ability to recognize revenue that would have otherwise been recognizable which may impact our financial performance or that of the acquired company;

- risks associated with our expansion into new international markets and doing business internationally, including those described under the risk factor caption “Our strategy to expand internationally will be subject to increased challenges and risks”;
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries;
- the need to transition operations, third-party developers and players onto our existing or new platforms and the potential loss of, or harm to, our relationships with employees, third-party developers, players and other suppliers as a result of integration of new businesses;
- the implications of our management team balancing levels of oversight over acquired businesses which continue their operations under contingent consideration provisions in acquisition agreements;
- our dependence on the accuracy and completeness of statements and disclosures made or actions taken by the companies we acquire or their representatives, when conducting due diligence and evaluating the results of such due diligence; and
- liability for activities of the acquired company before the acquisition, including intellectual property and other litigation claims or disputes, cyber and information security vulnerabilities, violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities.

The benefits of an acquisition or investment may also take considerable time to develop, and we cannot be certain that any particular acquisition or investment will produce the intended benefits, which could adversely affect our business, financial condition, results of operations, prospects or reputation. Our ability to grow through future acquisitions will depend on the availability of suitable acquisition and investment candidates at an acceptable cost, our ability to compete effectively to attract these candidates and the availability of financing to complete larger acquisitions. Acquisitions could result in potential dilutive issuances of equity securities, use of significant cash balances or incurrence of debt (and increased interest expense), contingent liabilities or amortization expenses related to intangible assets or write-offs of goodwill and/or intangible assets, which could adversely affect our financial condition and results of operations and dilute the economic and voting rights of our stockholders.

We are subject to laws and regulations concerning privacy, information security, data protection, consumer protection and protection of minors, and these laws and regulations are continually evolving. Our actual or perceived failure to comply with these laws and regulations could harm our business, financial condition, results of operations, reputation or prospects.

We receive, store and process personal information and other data relating to our employees and business contacts, as well as player data, and we enable our players to share their personal information with each other and with third parties, including on the Internet and mobile platforms. There are numerous federal, state and local laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information and other player data on the Internet and mobile platforms, the scope of which are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. A number of these laws, rules and regulations require us to provide notification to players, investors, regulators and other affected parties in the event of a security breach of certain personal data, or require the adoption of minimum information security standards that are often vaguely defined and difficult to practically implement.

Various government and consumer agencies have called for new regulation and changes in industry practices and are continuing to review the need for greater regulation for the collection of information concerning consumer behavior on the Internet, including regulation aimed at restricting certain targeted advertising practices. In the United States, there are numerous federal and state privacy laws, data breach notification laws, and consumer protection laws. For example, the State of California's passage of the CCPA, which went into effect on January 1, 2020, created new privacy rights for consumers residing in the state. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA allows for the California Attorney General to impose civil penalties and also provides a privacy right of action for certain data breaches. California voters also recently passed the California Privacy Rights Act ("CPRA"), which went into effect on January 1, 2023. The CPRA significantly modifies the CCPA, including by imposing additional obligations on covered companies and expanding California consumers' rights with respect to certain sensitive personal information, potentially resulting in further uncertainty and requiring us to incur additional costs and expenses in an effort to comply. Other states such as Virginia have also adopted similar privacy laws that became enforceable in 2023, or are considering adopting similar data protection laws, which may go into effect throughout 2025 and beyond. In addition, laws in all 50 states require businesses to provide notice to consumers whose personal information has been disclosed as a result of a data breach. There is also increased attention being given to the collection of data from minors. For instance, the Children's Online Privacy Protection Act ("COPPA") requires companies to obtain parental consent before collecting personal information from children under the age of 13.

We are also subject to international laws, regulations and standards in many jurisdictions, which apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal information. For example, the GDPR, which became effective in May 2018, greatly increased the European Commission's jurisdictional reach of its laws and added a broad array of requirements for handling personal data. The European Union ("EU") member states are tasked under the GDPR to enact, and have enacted, certain implementing legislation that adds to and/or further interprets the GDPR requirements and potentially extends our obligations and potential liability for failing to meet such obligations. The GDPR, together with national legislation, regulations and guidelines of the EU member states and the United Kingdom governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data. In particular, the GDPR includes obligations and restrictions concerning data transparency and consent, the overall rights of individuals to whom the personal international data relates, the transfer of personal data out of the European Economic Area ("EEA") or the United Kingdom, security breach notifications restrictions and the security and confidentiality of personal data. The GDPR authorizes fines for certain violations of up to 4% of global annual revenue or €20 million, whichever is greater. Recent legal developments in Europe have created further complexity and uncertainty regarding transfers of personal data from the EEA and the United Kingdom to the United States. In July 2020, the Court of Justice of the European Union ("CJEU") invalidated the EU-U.S. Privacy Shield Framework ("Privacy Shield") under which personal data could be transferred from the EEA to the United States. While the CJEU upheld the adequacy of standard contractual clauses, a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism and potential alternative to the Privacy Shield, it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Further, the United Kingdom's decision to leave the EU has created uncertainty with regard to data protection regulation in the United Kingdom. As of January 1, 2021, we are also subject to the UK GDPR and UK Data Protection Act of 2018, which retain the GDPR in the United Kingdom's national law. These laws require us to review and amend the legal mechanisms by which we make and/or receive personal data transfers. As supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the standard contractual clauses and other mechanisms cannot be used, and/or start taking enforcement action, we could suffer additional costs, complaints and/or regulatory investigations or fines, or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it

could affect the manner in which we do business, the geographical location or segregation of our relevant operations, and could adversely affect our financial results.

Compliance with GDPR, CCPA, COPPA and similar legal requirements has required us to devote significant operational resources and incur significant expenses. We expect the number of jurisdictions adopting their own data privacy laws to increase, which will require us to devote additional significant operational resources and incur additional significant expenses related to our compliance, monitoring, and control obligations and will also increase our exposure to risks of claims by our players that we have not complied with all applicable data privacy laws.

We strive to comply with applicable laws, policies, legal and contractual obligations and certain industry codes of conduct relating to privacy and data protection, to the extent reasonably attainable. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. It is also possible that new laws, policies, legal obligations or industry codes of conduct may be passed, or existing laws, policies, legal obligations or industry codes of conduct may be interpreted in such a way that could require us to take further compliance steps and/or could prevent us from being able to offer services to citizens of a certain jurisdiction or may make it costlier or more difficult for us to do so. Any failure or perceived failure by us to comply with our privacy policy and terms of service, our privacy-related obligations to players or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other player data, may result in governmental enforcement actions, investigations, litigation or public statements against us by consumer advocacy groups or others and could cause our players to lose trust in us, which could have an adverse effect on our business, financial condition, results of operations, reputation or prospects. Additionally, if third parties we work with, such as players, vendors or developers violate applicable laws or our policies, such violations may also put our players' information at risk and could in turn have an adverse effect on our business, financial condition, results of operations, reputation or prospects.

Our data practices are subject to a complex and evolving framework of federal, state, and international privacy, data protection, and security laws, including the GDPR, UK GDPR, CCPA, CPRA, COPPA, and similar laws in other jurisdictions. Failure, or perceived failure, to comply with applicable privacy and data protection laws, contractual commitments, or our own policies—or any actual or suspected data breach or misuse of personal information—could result in regulatory investigations, litigation, fines, penalties, loss of player trust, and reputational harm. In particular, international data transfer restrictions and heightened enforcement of data protection requirements in the United States, European Union, and United Kingdom could increase our compliance burden, limit our ability to operate efficiently across markets, and materially and adversely affect our business, financial condition, results of operations, and reputation.

Failure to obtain, maintain, protect or enforce our intellectual property rights could harm our business, results of operations, financial condition and prospects.

Our success depends in part on our ability to protect our intellectual property, including our proprietary technology, content, brand, and know-how. We rely on a combination of copyrights, patents, trademarks, trade secret laws, and contractual protections, but these measures may be insufficient to prevent unauthorized use, infringement, misappropriation, or disclosure of our intellectual property. We may not be able to detect or effectively enforce against all violations, and any litigation to protect our rights could be costly, time-consuming, and uncertain in outcome. Intellectual property laws may offer less protection in certain jurisdictions, and our existing or future applications may not result in enforceable rights.

We may also face claims that our products, technologies, or content infringe or misappropriate the rights of others, which could result in costly disputes, damages, injunctions, or requirements to modify our offerings or obtain licenses on unfavorable terms. Failure to adequately protect our intellectual property or to avoid infringement claims could harm our competitive position, reputation, business, financial condition, and results of operations.

While we take precautions designed to protect our intellectual property, it may still be possible for competitors and other unauthorized third parties to copy our technology and use our proprietary brand, content and information to create or enhance competing solutions and services, which could adversely affect our competitive position in our rapidly evolving and highly competitive industry. Effective protection of intellectual property rights is expensive and difficult to maintain, both in terms of applications and registration costs as well as the costs of defending and enforcing these rights. We may fail to maintain or be unable to obtain adequate protections for certain of our intellectual property rights in certain foreign countries because effective intellectual property protection may not be available to us in every country in which our services are available, and our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the United States because of the differences in foreign patent, trademark, copyright, and other laws concerning intellectual property and proprietary rights.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with our third-party providers and strategic partners. However, we cannot guarantee that we have entered into such agreements with each party who has developed intellectual property on our behalf of each party that has or may have had access to our confidential information, know-how and trade secrets and cannot assure you that these agreements will be effective in controlling access to, and use and distribution of, our platform and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our offerings. Moreover, these agreements may not provide an adequate remedy for breaches or in the event of unauthorized use or disclosure of our confidential information or technology or infringement of our intellectual property. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know-how is difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, trade secrets and know-how can be difficult to protect and some courts inside and outside the United States are less willing or unwilling to protect trade secrets and know-how. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, which could harm our competitive position, business, financial condition, results of operations, and prospects.

We have filed, and may continue in the future to file, copyright, trademark and patent applications to protect certain of our innovations and intellectual property. This process can be expensive and time-consuming, and we do not know whether any of our applications will result in the issuance of a patent, trademark or copyright, as applicable, or whether the examination process will require us to narrow the claims in our patent applications. In addition, we may not receive competitive advantages from the rights granted under our intellectual property. Our existing intellectual property, and any intellectual property granted to us or that we otherwise acquire in the future, may be contested, circumvented, invalidated, or declared unenforceable through administrative processes or litigation, and we may not be able to prevent third parties from infringing, misappropriating or otherwise violating our rights to our intellectual property. Therefore, the exact effect of our efforts to protect our intellectual property cannot be predicted with certainty. In addition, given the costs, effort, risks and downside of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek patent protection for certain innovations. Any failure to adequately obtain such patent protection, or other intellectual property protection, could later prove to adversely impact our business, results of operations, financial condition or prospects.

We currently hold various domain names relating to our brand, including Skillz.com. Failure to protect our domain names could adversely affect our reputation and brand and make it more difficult for users to find our website and our online app. We may be unable, without significant cost or at all, to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights.

We may be required to spend significant resources in order to monitor and protect our intellectual property rights, and some violations may be difficult or impossible to detect. Litigation to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and counter suits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could impair the functionality of our platform, delay introductions of enhancements to our platform, result in our substituting inferior or costlier technologies into our platform or harm our reputation or brand and business, financial condition and results of operations. In addition, we may be required to license additional technology from third parties to develop and market new offerings or platform features, which may not be on commercially reasonable terms or at all and could adversely affect our ability to compete.

Although we take measures to protect our intellectual property, if we are unable to prevent the unauthorized use or exploitation of our intellectual property, the value of our brand, content, and other intangible assets may be diminished, competitors may be able to more effectively mimic our service and methods of operations, the perception of our business and service to our third party developer partners, potential developer partners and end game users may become confused, and our ability to attract new developers and users may be adversely affected. Any inability or failure to protect our intellectual property could adversely impact our business, results of operations, financial condition, reputation and prospects.

Our commercial success also depends in part on our ability to operate without infringing, misappropriating or otherwise violating the intellectual property rights of others. We may face allegations that we have infringed, misappropriated or otherwise violated the trademarks, copyrights, patents and other intellectual property rights of third parties, including from our competitors and non-practicing entities. We may also be subject to claims that our employees, consultants or other advisors have wrongfully used or disclosed alleged trade secrets of their former employers or claims asserting ownership of what we regard as our intellectual property. Intellectual property litigation may be protracted and expensive, and the results are difficult to predict. As the result of any court judgment or settlement, we may be obligated to stop offering certain features of our platform in a particular geographic region or worldwide, pay significant royalties, settlement costs or damages (including treble damages and attorneys' fees if we are found to have willfully infringed intellectual property rights), obtain licenses (which may not be available on acceptable terms or at all), modify our platform and features, or develop substitutes. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us. Furthermore, even if intellectual property disputes do not result in litigation, the time and resources necessary to resolve them could harm our business, results of operations, financial condition and reputation.

Our operating history and our history of operating losses make it difficult to evaluate our current business and prospects and may increase the risks associated with your investment.

Our operating history makes it difficult to evaluate our current business and our future prospects, including our ability to plan for and model future growth. We have encountered and will continue to encounter risks and difficulties frequently experienced by growth companies in constantly evolving industries, including companies in the technology sector. If we do not address these risks successfully, our business may be harmed.

We have experienced net losses in each period since inception. As of December 31, 2024, we had an accumulated deficit of \$1,021.3 million. The industry in which we operate is highly competitive, rapidly changing (including changes with respect to advancements in artificial intelligence), and relies heavily on continually introducing compelling content, products and services. As such, if we, in combination with our third-party developers, fail to deliver such content, products and services, do not execute our strategy successfully or if our new content launches are delayed, our revenue growth, overall revenue or user metrics may decline, and our operating results will suffer.

In addition, our operating margin may experience downward pressure as a result of increasing competition, increased user acquisition costs and the other risks discussed in this Annual Report. We expect to continue to expend substantial financial and other resources on expanding our developer and consumer base, our technology, the expansion of our platform, and marketing. Our operating costs will increase and our operating margins may decline if we do not effectively manage costs, launch new products on schedule that monetize successfully and enhance the games featured on our platform. We rely primarily on digital advertising networks to acquire new users to the platform. Increases in digital advertising costs, including on a per user basis, could have a material adverse effect on our business, financial condition and results of operations, including on our ability to achieve profitability. Neither our user acquisition costs nor our lifetime customer value are assured, and thus we cannot assure you that this ratio will not further decline over time. In addition, we cannot assure you that digital advertising costs will not continue to increase in 2025 or any other future period.

If our revenue does not increase to offset any additional expenses, if we fail to manage or experience unexpected increases in operating expenses or if we are required to take additional charges related to impairments or restructurings, our business, financial condition, results of operations and prospects may be materially adversely affected.

We rely on assumptions and estimates to calculate certain of our key metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

Certain of our key metrics, including Monthly Active Users or “MAUs”, Paying Monthly Active Users or “Paying MAUs”, Average Revenue Per Monthly Active User or “ARPU”, Average Revenue Per Paying Monthly Active User or “ARPPU”, Gross Marketplace Volume “GMV”, Average GMV Per Paying Monthly Active User, Average GMV Per Monthly Active User, Average end-user incentives, included as sales and marketing expense, per paying active user, and Average end-user incentives, included as sales and marketing expense, per playing active user, are calculated using data tracked by our internal analytics systems based on tracking activity of user accounts. MAUs means the number of 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. Paying MAUs 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. ARPU means the average monthly revenue in a given period divided by average monthly MAUs in that period. ARPPU means the average monthly revenue in a given period divided by average monthly Paying MAUs in that period. 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. Average GMV Per Monthly Active User means the average GMV in a given month divided by MAUs in that month, averaged over the period. Average end-user incentives, included as sales and marketing expense, per paying active user 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. Average end-user incentives, included as sales and marketing expense, per playing active user 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. The analytics systems for these metrics and the resulting data have not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across the end-user base, and factors relating to user activity and systems may impact these numbers. The calculation of our key metrics and examples of how user activity and our systems may impact the calculation of these metrics is described in detail under the heading titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. If we determine that we can no longer calculate any of our key metrics with a sufficient degree of accuracy, and we cannot find an adequate replacement for the metric, our business, financial condition or results of operations may be harmed. In addition, if advertisers, platform partners or investors do not perceive end-user metrics to be accurate representations of the end-user base or end-user engagement, or if we discover material inaccuracies in end-user metrics, our reputation may be harmed and advertisers and platform partners may be less willing to allocate their budgets or resources to our products and services, which in either case could negatively affect our business, financial condition, results of operations, reputation and prospects.

Our workforce and operations have grown substantially since our inception. If we are unable to effectively manage future expected growth, our financial performance and future prospects will be adversely affected.

We have experienced rapid growth since our inception, which has increased the complexity of our operations and placed significant demands on our management, personnel, systems, and internal controls. Continued expansion may strain our resources, and our existing infrastructure, procedures, and controls may not be sufficient to support future growth. Failure to effectively manage operational scaling, upgrade our technology and financial systems, or hire and retain qualified personnel could result in inefficiencies, service disruptions, or loss of users, any of which could adversely affect our business, financial condition, and operating results.

In addition, maintaining an engaged, diverse, and inclusive workforce is critical to our innovation and long-term success. Misalignment between organizational values and employee expectations, or failure to effectively manage evolving social, cultural, or diversity priorities, could harm morale, productivity, and retention, and damage our reputation. As our organizational structure becomes more complex, we strive to implement consistent policies and controls across regions. If we fail to do so, or if future restructuring or reductions in force produce unintended attrition, lower morale, or reputational harm, our ability to attract and retain talent and achieve operational objectives could be materially and adversely affected.

The growth and success of our business will depend on the performance of the current and future employees of Skillz, including certain key employees. Recruitment and retention of these individuals is vital to growing our business and meeting our business plans. The loss of any of our key executives or other key employees could harm our business.

Our ability to compete and grow depends heavily on the efforts and talents of our employees and senior management, including our Co-Founder and Chief Executive Officer, Andrew Paradise. The loss of Mr. Paradise or other key members of our leadership team could disrupt our operations and adversely affect our business, financial condition, and results of operations. We do not maintain key-person insurance or long-term employment agreements with our senior executives. We have recently experienced several management transitions, including changes in our Chief Financial Officer, Chief Accounting Officer, Chief Strategy Officer, Corporate Controller, and General Counsel roles, and we continue to recruit for certain key positions. Executive transitions and related succession activities may result in operational disruption, loss of institutional knowledge, and difficulty attracting or retaining other key personnel.

Our success also depends on our ability to attract, develop, and retain highly skilled employees in a competitive labor market, particularly engineers, product managers, and data scientists. Ongoing turnover, competition for talent, and market uncertainty have placed significant demands on our organization. If we fail to attract or retain qualified personnel, our ability to execute our strategic and operational objectives could be impaired. Additionally, volatility in our stock price or changes in equity compensation practices may reduce the effectiveness of our incentive programs and increase employee attrition. Any failure to effectively recruit, retain, and motivate key executives and employees could materially and adversely affect our business, financial condition, results of operations, and prospects.

We have been and continue to be party to litigation and we may be subject to future litigation in the operation of our business. An adverse outcome in one or more proceedings could adversely affect our business.

We are, and in the future may again become, involved in claims, suits, government investigations, and proceedings with various plaintiffs arising in the ordinary course of our business, including actions with respect to intellectual property claims, privacy, data protection or law enforcement matters, tax matters, labor and employment claims, commercial and acquisition-related claims and other matters. Such claims, suits, government investigations, and proceedings are inherently uncertain and their results cannot be predicted. Regardless of their outcomes, such legal proceedings can have an adverse impact on us in light of legal costs, diversion of management and other personnel, and other factors. It is possible that a resolution of one or more such proceedings could result in liability, penalties, or sanctions, as well as judgments, consent decrees, or orders preventing us from offering certain features, functionalities, products, or services, or requiring a change in our business practices, products or technologies, which could in the future materially and adversely affect our business, financial condition, and results of operations.

Additionally, we are, and in the future, may again become, involved in claims, suits and proceedings with various parties. As a result of such litigation, we are, and in the future may again become party to various settlement agreements pursuant to which the parties agree we have the right to recover cash settlement amounts. However, we may not be able to collect such settlement amounts on a timely basis or at all, especially during periods of macroeconomic uncertainty. Difficulties in enforcing settlement agreements and collecting settlement amounts could have a material adverse effect on our business, financial condition and results of operations.

Our insurance may not provide adequate levels of coverage against claims.

We believe that we maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. We do not maintain “key man” insurance policies on any of our officers or employees. Moreover, any loss incurred could exceed policy limits and policy payments made to us may not be made on a timely basis. Such losses could adversely affect our business prospects, results of operations and financial condition.

The requirements of being a public company, including compliance with the Exchange Act and the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”), may strain our resources and divert management’s attention, the increases in legal, accounting and compliance expenses may be greater than we anticipate, and there can be no assurance that we will continue to satisfy these obligations.

In December 2020, we became a public company, and as such, have incurred, and will continue to incur (and particularly now that we are no longer an “emerging growth company”), significant legal, accounting and other expenses that Skillz did not incur as a private company. We are subject to the reporting requirements of the Exchange Act and are required to comply with the applicable requirements of Sarbanes-Oxley and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as the rules and regulations subsequently implemented by the SEC and the listing standards of the NYSE, including changes in corporate governance practices and the establishment and maintenance of effective disclosure and financial controls. Compliance with these rules and regulations can be burdensome. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. In addition, these rules and regulations have and will continue to increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We have incurred and expect to incur in the future significant expenses and devote substantial management effort toward the remediation of material weaknesses. We will need to hire additional accounting and financial staff, and engage outside consultants, all with appropriate experience and technical accounting knowledge and maintain an internal audit function, which will increase our operating expenses.

Further, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. We must invest resources to comply with evolving laws, regulations and standards, and such investment may result in further increased general and administrative expenses. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and there could be a material adverse effect on our business, financial condition, cash flows and results of operations.

Our reported financial results may be affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles (“GAAP”) in the United States are subject to interpretation by the Financial Accounting Standards Board (“FASB”), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of a change. Any difficulties in implementing these pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors’ confidence in us.

We may require additional capital to support our growth plans, and such capital may not be available on terms acceptable to us, if at all. This could hamper our growth and adversely affect our business, financial condition, results of operations and prospects.

We intend to continue to make significant investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new games and features or enhance our existing games, improve our operating infrastructure or acquire complementary businesses, personnel and technologies. During the year ended December 31, 2024, we did not repurchase any of our outstanding 2021 Senior Secured Notes. However, we repurchased \$19.3 million of our Class A common stock, including \$6.9 million spent to repurchase 979,848 shares of our Class A common stock at \$7.00 per share from Wildcat Capital Management, LLC and its affiliates, which together previously held greater than 5% (approximately 6%) of our Class A common stock. These significant outflows may affect our future cash flows negatively. Accordingly, we may need to engage in equity or debt financing to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our Class A common stock. Our debt financing (see Risks Related to Our Indebtedness) involves offering additional security interests and undertaking restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. Additionally, if we seek to access additional capital or increase our borrowing, there can be no assurance that financing and credit may be available on favorable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired, and our business, financial condition or results of operations may be harmed.

Our investment portfolio and our ability to access cash and cash equivalents may become impaired by deterioration of the financial markets.

Our cash equivalent and investment portfolio is invested with a goal of preserving our access to capital, and generally consists of money market funds, corporate debt securities, U.S. government and government agency debt securities, mutual funds, certificates of deposit and time deposits. We follow an established investment policy and set of guidelines to monitor and help mitigate our exposure to interest rate and credit risk. The policy sets forth credit quality standards, permissible allocations of certain sectors and limits our exposure to specific investment types, and we believe our current investment portfolio has a low risk of material impairment. However, volatility in the global financial markets can negatively impact the value of our investments. Investments in some financial instruments may pose risks arising from market liquidity and credit concerns. Lastly, changing circumstances and market conditions, some of which may be beyond our control, could impair our ability to access our existing cash and cash equivalents and investments and to timely pay key vendors and others. For example, in 2023, Silicon Valley Bank (“SVB”) was placed into receivership with the Federal Deposit Insurance Corporation (“FDIC”), which resulted in all funds held at SVB, including our funds held at SVB, being temporarily inaccessible by SVB’s customers. As of December 31, 2024, we had approximately \$1.9 million of cash remaining with SVB, which were able to withdraw in March 2025. If other banks and financial institutions with whom we have banking relationships enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, we may be unable to access, and we may lose, some or all of our existing cash and cash equivalents and investments to the extent those funds are not insured or otherwise protected by the FDIC.

Global climate change, the occurrence of an earthquake, other natural disaster or other significant business interruption at or near any of our facilities could cause damage to our facilities and equipment and interfere with our operations.

There is evidence of global climate change, which could present risks to our future operations from natural disasters and extreme weather conditions, such as hurricanes, tornadoes, earthquakes, wildfires or flooding. Such extreme weather conditions could pose physical risks to our facilities and disrupt operation of our third-party developer partners, service providers and our game players and may increase operational costs. Any new climate-related rules, as well as other changes the government might implement, could impose significant new burdens on us and our third-party developer partners and service providers, with significant costs and operational impacts, and adversely impact our ability to maintain our platform and operate successfully.

Risks Related to Ownership of Our Class A Common Stock

The trading price of our Class A common stock has been, and may continue to be, volatile, and the value of our Class A common stock may decline.

The market price of our Class A common stock has been and may continue to be subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in projected operational and financial results;
- changes in laws or regulations applicable to our offerings;
- the commencement or conclusion of legal proceedings that involve us;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of new offerings by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- issuance of new or updated research or reports by securities analysts;
- the use by investors or analysts of third-party data regarding our business that may not reflect our financial performance;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our Class A common stock;

- repurchases of our Class A common stock, including both repurchases as part of publicly announced programs and outside of such programs;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- impact of the recent elections in the United States; and
- general economic and global market conditions.

Furthermore, the stock markets frequently experience extreme price and volume fluctuations that affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, elections, interest rate changes or international currency fluctuations, may negatively impact the market price of our Class A common stock. As a result of such fluctuations, you may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We are currently the target of this type of litigation, and may continue to be such a target in the future, which could result in substantial costs and divert our management's attention from other business concerns.

Furthermore, the trading price of our Class A common stock may be adversely affected by third-parties trying to drive down the market price. Short sellers and others, some of whom post anonymously on social media, may be positioned to profit if our stock declines and their activities can negatively affect our stock price. These broad market and industry factors may seriously harm the market price of our Class A common stock, regardless of our operating performance.

Additionally, on August 18, 2023, the Board authorized the Company to repurchase, at any time or from time to time but for a period no longer than one year from the date of authorization, 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"). On December 5, 2024, the Board ratified the Company's authority to repurchase up to \$41.1 million remaining under the Company's legacy repurchase program and extended the expiration date until otherwise suspended, terminated or modified at any time for any reason by the Board. The result of this program has an indeterminable impact on our stock price and may not enhance long-term stockholder value. The shares which have been repurchased under the Rule 10b5-1 Plan are held as Treasury Stock and, as such, are available for future reissue.

There can be no assurance that we will be able to remain in compliance with the continued listing standards of the NYSE.

The NYSE considers a listed company to be out of compliance with its continued listing standards if, among other things, the average closing price of the company's stock is less than \$1.00 over a period of 30 consecutive trading days. If the listed company does not regain compliance within the NYSE's six-month cure period, it will be subject to delisting.

Our Class A common stock could also be delisted if (i) our average market capitalization over a consecutive 30 trading-day period is less than \$15 million, or (ii) our Class A common stock trades at an "abnormally low" price. In either case, our Class A common stock would be suspended from trading on the NYSE immediately, and the NYSE would begin the process to delist our Class A common stock, subject to our right to appeal under NYSE rules. Additionally, the NYSE considers a listed company to be out of compliance with its continued listing standards if the company's average global market capitalization over a 30 consecutive trading-day period is less than \$50.0 million and, at the same time, the company's stockholders' equity is less than \$50.0 million. If any of these were to occur, there is no assurance that any appeal we undertake in these or other circumstances would be successful, nor is there any assurance that we will remain in compliance with the other NYSE continued listing standards.

If we fail to satisfy the NYSE's continued listing standards, our Class A common stock will be subject to delisting. Delisting from the NYSE would likely have a negative effect on the liquidity and market price of our Class A common stock, reduce the number of investors willing to hold or acquire our Class A common stock, limit or reduce the amount of analyst coverage we receive, and impair your ability to sell or purchase our Class A common stock when you wish to do so. In addition, a delisting from the NYSE might negatively impact our reputation and, as a consequence, our business. Additionally, if we were delisted from the NYSE and we are not able to list our Class A common stock on another national exchange we will not be eligible to use Form S-3 registration statements, which would delay our ability to raise funds in the future, limit the type of offerings of Class A common stock we could undertake, and increase the expenses of any offering.

In the event of a delisting of our Class A common stock, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our Class A common stock, prevent our Class A common stock from dropping below the NYSE minimum share price requirement or prevent future non-compliance with the NYSE's listing standards. Additionally, if our Class A common stock is not listed on, or becomes delisted from, the NYSE for any reason, and is quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our Class A common stock may be more limited than if we were quoted or listed on the NYSE or another national securities exchange. You may be unable to sell your Class A common stock unless a market can be established or sustained.

We are a “controlled company” within the meaning of the rules of the NYSE and our stockholders do not have certain corporate governance protections that are available to stockholders of companies that are not controlled companies.

So long as more than 50% of the voting power for the election of our directors is held by an individual, a group or another company, we will qualify as a “controlled company” within the meaning of the NYSE corporate governance standards. As of December 31, 2024, Mr. Paradise controlled 84% of the voting power of our outstanding capital stock. As a result, we are presently a “controlled company” within the meaning of the NYSE corporate governance standards and will not be subject to the requirements that would otherwise require us to have: (i) a majority of independent directors; (ii) a nominating committee comprised solely of independent directors; (iii) compensation of our executive officers determined by a majority of the independent directors or a compensation committee comprised solely of independent directors; and (iv) director nominees selected, or recommended for the Board's selection, either by a majority of the independent directors or a nominating committee comprised solely of independent directors.

Mr. Paradise's equity interest in us may be diluted due to future equity issuances by us or his own actions in selling shares of Class B common stock in each case, which could result in a loss of the “controlled company” exemption under the NYSE listing rules. We would then be required to comply with corporate governance protections of the NYSE listing requirements described above.

We cannot predict the impact our dual class structure may have on our stock price of our Class A common stock; the dual class structure of our common stock has the effect of concentrating voting power with our Chief Executive Officer and Co-Founder, which will limit an investor's ability to influence the outcome of important transactions, including a change in control.

Our dual class common stock structure concentrates significant voting power with our Chief Executive Officer and Co-Founder, Andrew Paradise, which limits other stockholders' ability to influence key corporate decisions. Shares of our Class B common stock carry 20 votes per share, compared to one vote per share for our Class A common stock. As of December 31, 2024, Mr. Paradise held all outstanding Class B shares, representing approximately 84% of the total voting power of our capital stock on a fully-diluted basis.

As a result, Mr. Paradise can control the outcome of matters submitted to stockholders, including the election of directors, amendments to our charter documents, and approval of mergers or other significant transactions. His interests may not always align with those of other stockholders, and this concentration of control could delay, deter, or prevent a change in control, limit the opportunity for stockholders to receive a premium in connection with a sale of the Company, or otherwise affect the market price of our Class A common stock.

In addition, our dual class structure may result in a lower or more volatile trading price for our Class A common stock or negative investor perception. Certain stock indices exclude companies with multi-class share structures, and funds tracking those indices may be unable to invest in our stock, which could further reduce demand and adversely affect our Class A share price.

Delaware law and provisions in our Fifth Amended and Restated Certificate of Incorporation (our “Charter”) and Amended and Restated Bylaws (our “Bylaws”) could make a takeover proposal more difficult.

Our organizational documents are governed by Delaware law. Certain provisions of Delaware law and of our Charter and Bylaws could discourage, delay, defer or prevent a merger, tender offer, proxy contest or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares of Class A common stock held by our stockholders. These provisions provide for, among other things:

- the ability of our Board to issue one or more series of preferred stock;
- stockholder action by written consent only until the first time when Mr. Paradise ceases to beneficially own a majority of the voting power of our capital stock;
- certain limitations on convening special stockholder meetings;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- amendment of certain provisions of the organizational documents only by the affirmative vote of (i) a majority of the voting power of our capital stock so long as Mr. Paradise beneficially owns shares representing a majority of the voting power of our capital stock and (ii) at least two-thirds of the voting power of the capital stock from and after the time that Mr. Paradise ceases to beneficially own shares representing a majority of the voting power of our voting stock; and
- a dual-class common stock structure with 20 votes per share of our Class B common stock, the result of which is that Mr. Paradise has the ability to control the outcome of matters requiring stockholder approval, even though Mr. Paradise owns less than a majority of the outstanding shares of our capital stock.

These anti-takeover provisions as well as certain provisions of Delaware law could make it more difficult for a third party to acquire us, even if the third party’s offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. If prospective takeovers are not consummated for any reason, we may experience negative reactions from the financial markets, including negative impacts on the price of our common stock. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors of their choosing and to cause us to take other corporate actions that our stockholders desire.

Our Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings and the federal district courts as the sole and exclusive forum for other types of actions and proceedings, in each case, that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain what such stockholders believe to be a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our Charter provides that, unless we consent to the selection of an alternative forum, any (i) derivative action or proceeding brought on behalf of us; (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of ours to us or our stockholders; (iii) action asserting a claim against us or any director or officer arising pursuant to any provision of the General Corporation Law of the State of Delaware or our Charter or Bylaws; (iv) any action to interpret, apply, enforce or determine the validity of any provisions in our Charter or Bylaws; or (v) action asserting a claim against us or any director or officer of ours governed by the internal affairs doctrine, shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware. Subject to the foregoing, the federal district courts of the United States are the exclusive forum for the resolution of any action, suit or proceeding asserting a cause of action under the Securities Act. The exclusive forum provision does not apply to suits brought to enforce any liability or duty created by the Exchange Act. Any person or entity purchasing or otherwise acquiring an interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in our Charter. These choice-of-forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that he, she or it believes to be favorable for disputes with us or our or directors, officers or other employees, which may discourage such lawsuits. We note that there is uncertainty as to whether a court would enforce these provisions and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

Alternatively, if a court were to find these provisions of our Charter inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters, which could materially adversely affect our business, financial condition and can result in a diversion of the time and resources of our management and Board.

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board.

Risks Related to Our Indebtedness

Our indebtedness could adversely affect our financial health and our ability to execute our business strategy.

As of December 31, 2024, the aggregate indebtedness under our senior secured notes was \$129.7 million. We expect to maintain significant levels of indebtedness going forward. Our indebtedness could have important consequences including:

- making it more difficult for us to satisfy our obligations with respect to our debt, and any failure to comply with the obligations under our debt instruments, including restrictive covenants, could result in an event of default under the indenture governing our senior secured notes or agreements governing future indebtedness;
- increasing our vulnerability to adverse general economic and industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in the economy and our industry;
- placing us at a competitive disadvantage compared to our competitors with less indebtedness;
- making it more difficult to borrow additional funds in the future to fund growth, acquisitions, working capital, capital expenditures and other purposes; and
- potentially requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund our other business needs.

We receive debt ratings from the major credit rating agencies in the U.S. Factors that may impact our credit ratings include debt levels, planned asset purchases or sales and near-term and long-term production growth opportunities. Our credit rating as of December 31, 2024 was CCC+ from S&P Global Ratings. Liquidity, asset quality, cost structure, reserve mix and other factors could also be considered by the rating agencies. Any downgrade in our credit rating or the ratings of our indebtedness, or adverse conditions in the debt capital markets, could:

- adversely affect the trading price of, or market for, our existing or future debt;
- increase interest expense under future debt;
- increase the cost of, and adversely affect our ability to refinance, our existing debt; and
- adversely affect our ability to raise additional debt.

A debt rating is not a recommendation by the rating agency to buy, sell, or hold and each rating should be evaluated independently of any other rating.

The instruments governing our indebtedness impose certain restrictions on our business, and future such instruments could impose new restrictions on our business.

The instruments governing our indebtedness, including the indenture governing our senior secured notes, contain certain covenants imposing restrictions on our business. These restrictions may affect our ability to operate our business, to plan for, or react to, changes in the market conditions or our capital needs and may limit our ability to take advantage of potential business opportunities as they arise. The credit facility and the indenture governing the senior secured notes include covenants restricting, among other things, our ability to do the following under certain circumstances:

- incur or guarantee additional indebtedness or issue certain disqualified or preferred stock;
- pay dividends or make other distributions on, or redeem or purchase any equity interests or make other restricted payments;
- make certain acquisitions or investments;

- create or incur liens;
- transfer or sell assets;
- incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries;
- alter the business that we conduct;
- enter into transactions with affiliates;
- conduct buy-back or share repurchase programs; and
- consummate a merger or consolidation or sell, assign, transfer, lease or otherwise dispose of all or substantially all our assets.

In addition, the instruments contain customary events of default upon the occurrence of which, after any applicable grace period, the indebtedness could be declared immediately due and payable.

As of November 3, 2025, we were not in compliance with certain of the covenants in that certain Indenture, dated as of December 20, 2021, between the Company, each of the guarantors party thereto and the Trustee (“Indenture”) as a result of delays in filing our annual financial statements on this Form 10-K and the interim financial statements on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025. As of result of these delays, the Company fell out of compliance with the reporting covenants under the Indenture governing its senior secured notes that require that the Company provide to the trustee and holders of the senior secured notes all quarterly and annual reports required to be filed with the SEC within time periods specified under the Exchange Act. The filing of this Annual Report on Form 10-K will help us restore compliance with a portion of the requirement, and the Company is further taking the necessary steps to file its delayed Quarterly Reports on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025 as soon as practicable, in order to regain compliance with the applicable provisions of the Indenture. However, we may not be able to comply with these covenants for any future delays in our periodic reports with the SEC. Such future delays could lead to a default under our instruments governing our indebtedness. In addition, certain holders of our senior secured notes could exercise their rights, and we could be forced into bankruptcy or liquidation.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to service or repay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on, and to refinance our debt, depends on our future performance, which is subject to economic, financial, competitive and other factors. Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations under our current indebtedness and any future indebtedness we may incur and to make necessary capital expenditures. Our ability to refinance our outstanding indebtedness or future indebtedness will depend on market conditions and our financial position at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms when needed, which could result in a default on our indebtedness.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We take a comprehensive approach to cybersecurity risk management. While securing our customers and stakeholders’ data is a top priority, like many companies with a public presence, we are subject to human-targeted and AI-assisted cyberattacks. Our board of directors (the "Board") and our management are involved in the oversight of our risk management program, of which cybersecurity represents an important component. As described in more detail below, we have established policies, standards, processes and practices designed to assess, identify, and manage material risks from cybersecurity threats. We have devoted significant financial and personnel resources to implement and maintain security measures in an effort to meet regulatory requirements and customer expectations, and we intend to continue to make significant investments in our data and cybersecurity infrastructure. There can be no guarantee that our policies and procedures will be effective, as cyber criminals are becoming more sophisticated and effective every day and increasingly targeting enterprise software companies. Although our Risk Factors include further detail about the material cybersecurity risks we face, we believe that risks from prior cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected our business to date. We can provide no assurance that there will not be incidents in the future or that such incidents will not materially affect us, including

our business strategy, results of operations, or financial condition. For the year ended December 31, 2024, we are not aware of any material cybersecurity incidents that had a significant impact on our operations or financial condition. For more information on our cybersecurity related risks see the risk factor entitled “*We rely on information technology (“IT”) and other systems and platforms, and any failures, errors, defects or disruptions in our or our vendors’ or other partners’ systems or platforms could diminish our brand and reputation, subject us to liability, disrupt our business, affect our ability to scale our technical infrastructure and adversely affect our business, financial condition, operating results and growth prospects*” in Part I, Item 1A Risk Factors of this Annual Report on Form 10-K, above.

Risk Management and Strategy

Our policies, standards, processes and practices designed to assess, identify, and manage material risks from cybersecurity threats are integrated into our overall risk management program. These policies, standards, processes, and practices are based on maintaining a security-in-depth methodology as informed by the National Institute of Standards and Technology (“IST”) Cybersecurity Framework, the International Organization for Standardization (“ISO”)/IEC 27001 and other applicable industry standards. Key controls include: (a) Zero trust network architecture for employee privileged and non-privileged application access (b) Mandatory employee security awareness training and phishing simulations, plus follow-up remedial training if necessary,(c)Periodic third-party network and host vulnerability scans and (d) 24/7 Security Operations Center monitoring all corporate endpoints which escalates to senior engineering resources as necessary for incident response and remediation.

We also maintain a cyber insurance policy to mitigate financial exposure from any security incidents.

Our cybersecurity program in particular focuses on the following key areas:

Collaboration

Our cybersecurity risks are identified and addressed through a comprehensive, cross-functional approach. Key security, risk, and compliance stakeholders meet periodically to develop strategies designed to preserve the confidentiality, integrity and availability of Company and customer information, identify, prevent and mitigate cybersecurity threats, and to attempt to effectively respond to cybersecurity incidents. We maintain controls and procedures that are designed to ensure prompt escalation of certain cybersecurity incidents so that decisions regarding public disclosure and reporting of such incidents can be made by management and the Board in an informed and timely manner.

Risk Assessment

We conduct a cybersecurity risk assessment at least annually that takes into account information from internal resources (e.g., vulnerability scans, incident reporting), known information security vulnerabilities, and information received from external sources (e.g., reported security incidents that have impacted other companies, industry trends, and evaluations by third parties and consultants).

Technical Safeguards

We periodically assess and deploy technical safeguards designed to protect our information systems from cybersecurity threats. Such safeguards are periodically evaluated and improved as necessary, based on vulnerability assessments, cybersecurity threat intelligence and incident response experience.

Incident Response and Recovery Planning

We have established comprehensive incident response (“IR”) and recovery plans and continue to periodically test and evaluate the effectiveness of those plans. Our IR plan provides our team with strategies for how to respond to incidents appropriately.

Third-Party Risk Management

We have implemented controls designed to identify and mitigate cybersecurity threats associated with our use of third-party service providers. Such providers may be subject to security risk assessments at the time of onboarding, contract renewal, or upon detection of an increase in risk profile, according to our vendor security review process. We use a variety of inputs in such risk assessments, including information supplied by providers and third parties.

Education and Awareness

Our policies require each of our employees to contribute to our data security efforts. We periodically remind and reinforce with our employees the importance of handling and protecting customer and employee data, including through annual privacy and security training designed to enhance awareness of how to prevent, detect, report, and respond to cybersecurity threats. We also conduct periodic phishing training and follow-up with remedial testing and training as necessary.

External Assessments

Our cybersecurity policies, standards, processes and practices are periodically assessed by consultants and external auditors. These assessments include a variety of activities including information security maturity assessments, audits and independent reviews of our information security control environment and operating effectiveness. For example, in 2022, 2023 and 2024 we conducted independent cyber maturity assessments to review our controls against portions of the NIST Cybersecurity Framework. We also have achieved PCI SAQ-A Compliance every year since 2019. The results of significant assessments are reported to management, the Board and Audit Committee. Cybersecurity processes are adjusted, as appropriate, based on the information provided from these assessments.

Governance

Our Principal Security Engineer (“PSE”) is responsible for the day-to-day assessment and management of our material cybersecurity risks. Since November 2021 until May 2025, the Principal Security Engineer (the “PSE-1”) that served in this role had more than 18 years of experience in various information technology, cybersecurity and systems engineering roles. PSE-1’s previous experience includes building and leading cybersecurity functions at large enterprises, startups, and research and development centers, as well as leading software teams which were acquired by Fortune 50 enterprises. PSE-1 also had expertise in building and designing secure software, scalable and resilient systems, incident response practices, privacy programs and other critical security disciplines and practice areas. The Principal Security Engineer holds a master's degree in physics and systems engineering. Since May 2025, the Company’s Manager of IT (“PSE-2”) has assumed the responsibilities of the Principal Security Engineer role. With more than 18 years of experience in information technology and over 12 years in IT management across technology-driven and interactive entertainment organizations, PSE-2 has frequently led both IT operations and cybersecurity initiatives, often as the sole technical lead. Responsibilities have included securing infrastructure, implementing security controls, and supporting secure business operations.

To ensure robust oversight, we are establishing a Security Council, led by our Principal Security Engineer, that is comprised of senior leaders, including our Chief Executive Officer, Controller, Chief Financial Officer, and Interim General Counsel. The Security Council has primary management oversight responsibility for assessing and managing risks related to information security, fraud, vendor oversight, data protection and privacy, and our cybersecurity program, as well as responsibility for management of our information security systems.

The Board is responsible for overseeing the Company's enterprise risk. The Security Council reports to the Board on cybersecurity risks.

In addition to our ongoing ordinary course cybersecurity oversight procedures, we also have a security incident response framework in place. We use this incident response framework as part of the process we employ to keep our management and the Board informed about and monitor the prevention, detection, mitigation, and remediation of cybersecurity incidents. The framework is a set of coordinated procedures and tasks that our incident response team, under the direction of the Security Council, executes in the event of a cybersecurity incident that is designed to provide timely and accurate information flow, escalation for remediation and consideration of public disclosures, and resolution of cybersecurity incidents. Our cybersecurity framework includes periodic compliance assessments with our policies and standards and applicable state and federal statutes and regulations. In addition, we seek to validate compliance with our internal data security controls through the use of security monitoring utilities and internal and external audits. We also conduct annual cybersecurity tabletop exercises, with the intent of validating our IR policies and procedures.

ITEM 2. PROPERTIES

In March 2023, we purchased a new office building in Las Vegas, Nevada, where our principal business operations for in office collaboration of product, operations, and revenue teams are located for our Skillz segment. Since February 2024, the building has been utilized as the Company’s headquarters. We also lease offices in smaller buildings and coworking spaces in major cities. In connection with our acquisition of Aarki in 2021, we assumed leases for a number of offices and coworking

spaces around the world, including data centers in the U.S. and Hong Kong and a workspace in the Philippines for our Aarki segment.

In August 2025, we commenced a 36 month lease for office space in Bangalore, India for approximately \$35.7 thousand per month with escalations of 6% per annum.

ITEM 3. LEGAL PROCEEDINGS

The information set forth under the heading “Legal Matters” in Note 10, Commitments and Contingencies, in Part II, Item 8 of this Annual Report on Form 10-K is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Common Stock

Our Class A common stock has been listed on the NYSE under the symbol "SKLZ" since December 17, 2020. There is no public market for our Class B common stock.

On June 23, 2023, the Company effectuated a 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.

Holders of our Common Stock

As of November 3, 2025, there were 244 holders of record of our Class A common stock and one holder of record of our Class B common stock. The number of record holders does not include Depository Trust Company participants or beneficial owners holding shares through nominee names.

Dividend Policy

We have not paid any cash dividends on our common stock to date and we do not intend to pay any cash dividends on our common stock for the foreseeable future. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of the Board at such time.

Securities Authorized for Issuance Under Equity Compensation Plans

Refer to Note 14, "Stock-Based Compensation," in this Form 10-K.

Unregistered Sales of Equity Securities

None.

Repurchases

The following table provides information about the purchases of our common stock made through the three months ended December 31, 2024:

Periods	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)(b)
October 1, 2024 through October 31, 2024	—	\$ —	—	\$ 41.1
November 1, 2024 through November 30, 2024	192,273	\$ 5.35	192,273	\$ 40.1
December 1, 2024 through December 31, 2024(a)	1,090,676	\$ 6.80	1,090,676	\$ 32.6
Total	1,282,949	\$ 6.58	1,282,949	

- (a) Amounts for the period of December 1, 2024 through December 31, 2024 include amounts repurchased pursuant to two Share Repurchase Agreements with Wildcat Capital Management, LLC and Wildcat Partner Holdings, LP (the “Share Repurchase Agreements”). Pursuant to the Share Repurchase Agreements, the Company agreed to repurchase 961,532 shares of its Class A Common Stock from Wildcat Partner Holdings, LP at a price of \$7.00 per share, for a total purchase price of \$6.7 million and 18,316 shares of its Class A Common Stock from Wildcat Capital Management, LLC at a price of \$7.00 per share, for a total purchase price of \$0.1 million
- (b) In August 2023, our Board of Directors approved a share repurchase authorization for up to \$65.0 million of our common stock. The share repurchase authorization had a term of 12 months and may be suspended or discontinued by our Board of Directors at any time. On December 5, 2024, our Board of Directors reapproved the Company’s share repurchase program, pursuant to which the Company is authorized to purchase up to \$41.1 million of its Class A Common Stock remaining under the Company’s legacy repurchase program and extended the expiration date until otherwise suspended, terminated or modified at any time for any reason by the Board.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in Part II, Item 8 of this Form 10-K. This section generally discusses the results of our operations for the year ended December 31, 2024 compared to the year ended December 31, 2023. For a discussion of the year ended December 31, 2023 compared to the year ended December 31, 2022, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2023.

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. (the "Company," "Skillz," "we," "us," "our," and "its"). MD&A is provided as a supplement and should be read in conjunction with the consolidated financial statements and related notes included in Part II, Item 8, "Financial Statements and Supplementary Data", of this Annual Report on Form 10-K. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in Part I, including Note Regarding Forward-Looking Statements and 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.

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.

For the year ended December 31, 2024, the platform had over 816 thousand monthly active users ("MAUs") and hosted an average of over 1.1 million daily tournaments, including an average of approximately 405 thousand paid entry daily tournaments, offering over \$41.2 million in prizes each month.

Our technological capabilities provide the tools necessary for developers to compete in the marketplace. Our software development kit ("SDK") allows developers to monitor, integrate and update their games seamlessly over the air. We ingest and analyze hundreds of data points from each game play session, enhancing our data-driven algorithms and LiveOps systems. Moreover, we have developed a platform enabling fun, fair and meaningful competitive gameplay.

The following supplemental financial information table summarizes key operating metrics for the years ended December 31, 2024 and 2023. These metrics are utilized by management and the Board to evaluate the operating performance of the Company and are key factors that directly impact the Company's revenue, costs and liquidity. Accordingly, we believe that they provide helpful supplemental information to investors in evaluating our operating results.

	Year Ended December 31,	
	2024	2023
Gross marketplace volume (“GMV”) (000s) ⁽¹⁾	\$ 608,248	\$ 963,580
Paying monthly active users (“PMAUs”) (000s) ⁽²⁾	118	179
Monthly active users (“MAUs”) (000s) ⁽³⁾	816	1,045
Average GMV per paying monthly active user ⁽⁴⁾	\$ 429.6	\$ 448.8
Average GMV per monthly active user ⁽⁵⁾	\$ 62.1	\$ 76.9
Average revenue per paying monthly active user (“ARPPU”) ⁽⁶⁾	\$ 66.6	\$ 70.0
Average revenue per monthly active user (“ARPU”) ⁽⁷⁾	\$ 9.6	\$ 11.9
Paying MAU to MAU ratio	14 %	17 %
Average end-user incentives, included as sales and marketing expense, per paying active user ⁽⁸⁾	\$ 25.94	\$ 30.09
Average end-user incentives, included as sales and marketing expenses, per playing active user ⁽⁹⁾	\$ 3.76	\$ 5.15

- (1) “GMV” or “Gross Marketplace Volume” represents 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” represent 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” represent the number of playing end-users who entered into a paid or free contest hosted on our platform at least once in a month, averaged over each month in the period.
- (4) “Average GMV Per Paying Monthly Active User” represents 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” represents 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” represents 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, which are included in sales and marketing expenses.
- (7) “Average Revenue Per Monthly Active User” or “ARPU” represents 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, which are included in sales and marketing expenses.
- (8) Amount reflects the average end-user incentives included in sales and marketing expenses 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 expenses in a given month divided by MAUs in that month, averaged over the period.

Over the course of the fiscal years ending December 31, 2024 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.

Trends and Developments Impacting our Business

Trends

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 our platform. Engagement marketing may be impacted by end-user incentives, which include Bonus Cash that could only be used to enter into paid contests.

User acquisition (“UA”) marketing is a sales and marketing expense to acquire new paying users to our platform. UA marketing spend during fiscal year 2024 was approximately \$18.4 million, as compared to approximately \$29.4 million in fiscal year 2023. The reduction in UA marketing and engagement marketing expenses in fiscal year ending December 31, 2024 compared to 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 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.

Developments

Tether Litigation

As previously disclosed, on August 29, 2025, we received a Notice from Tether indicating that Tether is terminating all of its various agreements with us, including our terms or services, effective as of September 1, 2025. Tether’s Notice provides that Tether is terminating the Tether Agreements for convenience, while also asserting grounds for termination for cause (effective September 28, 2025) in the event its termination for convenience is not held as effective by a competent tribunal. We believe the termination notice to be invalid and in breach of Tether’s obligations under the Tether Agreements.

Certain of the Tether Agreements restrict the removal of Tether’s top two games, Solitaire Cube and 21 Blitz, from the Company’s platform for at least 18 months following termination. During the post-termination period, Skillz has the option, but not the obligation, to host paid competitions for such games on the platform. For the year ended December 31, 2024, Tether accounted for 45% of our revenue. If we are unable to negotiate new terms with Tether or, as applicable with other developers, or if any new terms are less favorable to us, or if our litigation against Tether is unsuccessful, and these games were to be removed from our platform and we are unable to identify and market suitable replacements, there may be a material adverse effect on our business and results of operations

Following receipt of the Notice, on September 1, 2025, we filed suit in the Court of Chancery of the State of Delaware, seeking injunctive and declaratory relief in relation to Tether’s breach of the Tether Agreements. The Company is also disputing Tether’s allegations with respect to the grounds for termination of the Tether Agreements for cause. We intend to defend our position, but can provide no assurances regarding the outcome of the claim and the impact it may have on our business. See the risk factor entitled “*Historically, a limited number of games have accounted for a substantial portion of our revenue. If these games were to become less popular or be removed from our platform and we are unable to identify and market suitable replacements, our business and prospects could suffer*” in Part I, Item 1A, Risk Factors of this Annual Report on Form 10-K for additional information on risks related to Tether’s Notice. The removal of Solitaire Cube and 21 Blitz contrary to the terms set forth in the agreements and/or before Skillz can provide a suitable replacement to such games may cause a material adverse effect on our platform business and results of operations

Extension for Continued Listing on the New York Stock Exchange

On April 2, 2025, we received a notice from the NYSE indicating that we are not in compliance with the NYSE’s continued listing requirements under the timely filing criteria outlined in Section 802.01E of the NYSE Listed Company Manual as a result of our failure to timely file this Annual Report on Form 10-K. The NYSE informed us that, under the NYSE’s rules, we had six months to file this Annual Report on Form 10-K with the U.S. Securities and Exchange Commission (the “SEC”) and that the NYSE will continue to list our shares on the NYSE provided that we regain compliance with Section 802.01E within the initial six-month cure period.

We presented a compliance plan to the NYSE in September 2025 to request an additional extension period for continued listing of our Class A common stock on the NYSE (the “Additional Cure Period”) in order for us to complete and file this Annual Report on Form 10-K, and our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2025 and June 30, 2025, and any subsequent delinquent SEC quarterly filings (the Quarterly Reports on Form 10-Q together with this Annual Report on Form 10-K, collectively, the “Delayed Filings”), and regain compliance with the NYSE’s continued listing requirements.

On September 25, 2025, the NYSE granted our request for an Additional Cure Period and agreed to provide us with an extension to continue our listing on the NYSE through December 17, 2025, subject to ongoing reassessment by the NYSE and provided that we become current with our SEC filings by such date.

Papaya Litigation

On October 28, 2025, the court denied Papaya's motion for summary judgment as to Skillz's claims against Papaya. The Court also denied Papaya's motion to exclude Skillz's consumer and damages experts. The court's rulings on Skillz' motion for summary judgment as to Papaya's counterclaims against Skillz, and Papaya's experts are still pending (see Note 10, Commitments and Contingencies).

Items Impacting Comparability of Results of Operations and Financial Condition

Our Financial Statements included in this report reflect the following additional items impacting the comparability of results of operations and financial condition during the fiscal year 2024:

- In connection with a dispute with a former employee, the Court of Appeals issued its decision, affirming the judgment of \$4.4 million, with an additional \$2.3 million for a total award of \$6.7 million. The Court of Appeals also affirmed the dismissal of the wrongful termination and retaliation claims, holding that stock options are not wages. The Court of Appeal's decision became final, non-appealable and enforceable.
- A vendor and the Company settled a dispute. In exchange for mutual releases of all claims, the Company paid the vendor \$2.75 million in March 2025, \$2.75 million of which has been accrued for in fiscal year 2024, (see Note 19, Subsequent Events).
- A vendor and the Company agreed to mediate a dispute that resulted in a settlement where the Company agreed to pay the vendor \$533 thousand, which represented the past due balances for year one and year two of the agreement that were fully accrued as of December 31, 2024 (see Note 19, Subsequent Events).
- The Company and a lessor of its former headquarters in San Francisco mutually agreed to terminate a lease. In exchange for the mutual releases, the Company paid the lessor a lump sum payment of \$14,000,000 in fiscal year 2025. The loss on termination of the operating lease of \$0.4 million represented the difference between the settlement amount and the carrying value of the lease obligation and was recorded during the fiscal year 2024.
- A federal jury in San Jose, California issued a verdict in favor of Skillz in a patent infringement action Skillz brought against a privately-held mobile gaming company, AviaGames ("Patent Case"). Skillz, Big Run, and AviaGames entered into a settlement agreement with respect to both the Patent Case and Unfair Competition Case pending against AviaGames (the "Litigation Settlement"). In exchange for dismissal of both actions and other settlement terms, AviaGames agreed to pay Skillz and Big Run a total of \$80.0 million. The Company and Big Run Studio entered into a Side Letter Agreement providing that a portion of the AviaGames settlement funds allocated to Big Run Studio be utilized to repay the outstanding principal and accrued interest under the Loan and Security Agreement totaling \$2.0 million (see Note 5, Balance Sheet Components). The Company and Big Run collectively received \$50.0 million from AviaGames pursuant to the settlement agreement. Of the \$50.0 million received, Skillz received \$48.0 million, \$2.0 million of which was for settlement of the amount outstanding under the Loan and Security Agreement with Big Run. Beginning in March of 2025, AviaGames is required to pay Skillz an additional \$7.5 million annually over a four-year period as royalty payments for AviaGames' license of the applicable patent and its patent family; no portion of these payments are due to Big Run (see Note 5, Balance Sheet Components and Note 10, Commitments and Contingencies). During the year ended December 31, 2024, the Company recorded a gain from the Litigation Settlement netting \$46.0 million consisting of the gross payment of \$48.0 million less the \$2.0 million received for satisfaction and settlement of the Loan and Security Agreement. The Company will record the \$7.5 million payments to be received in March 2025, 2026, 2027 and 2028 as a gain upon receipt of each payment.
- In connection with the Company's De-SPAC litigation, Skillz filed suit against its insurance carrier for D&O insurance coverage and on January 17, 2025, the insurance carrier agreed to contribute a total of \$9,750,000 to the Company in connection with this matter's settlement agreement. The parties involved with the De-SPAC litigation executed a term sheet to settle the action in principle for \$10 million, subject to completing settlement documentation and obtaining court approval. As the successor to Flying Eagle, the defendant in the De-SPAC litigation, Skillz is obligated to indemnify and pay legal costs of the Individual D&O Defendants of Flying Eagle in their capacities as such in connection with this action and, as such recorded an expense of \$10 million, offset by the insurance proceeds of \$9.75 million, which is reflected in general and administrative expenses for the year ended December 31, 2024. The

Company recorded the insurance recovery proceeds as an offset to general and administrative expenses for the year ended December 31, 2024 (see Note 19, Subsequent Events).

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 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 years ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
As a percentage of GMV(%)		
Prior winnings ⁽¹⁾	81 %	81 %
Cash deposits ⁽²⁾	13 %	11 %
End-user incentives ⁽³⁾	6 %	8 %
As components of average GMV per paying monthly active user (\$)		
Prior winnings	\$ 350.0	\$ 364.1
Cash deposits	\$ 54.4	\$ 52.9
End-user incentives	\$ 30.8	\$ 31.8
As components of average GMV per monthly active user (\$)		
Prior winnings	\$ 50.6	\$ 62.4
Cash deposits	\$ 7.9	\$ 9.1
End-user incentives	\$ 4.5	\$ 5.5

- (1) ‘Prior winnings’ include cash and Bonus Cash that are in the end-user’s account as a result of winnings from competitions. For the year ended December 31, 2024, prior winnings from cash and Bonus Cash were 84% and 16%, respectively. For the year ended December 31, 2023, prior winnings from cash and Bonus Cash were 83% and 17%, respectively.
- (2) ‘Cash deposits’ represent currency deposits into the end-user’s Skillz account during the respective period.
- (3) ‘End-user incentives’ are based on amounts recorded as a reduction of revenue or sales and marketing expenses 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, Summary of Significant Accounting Policies, of our consolidated financial statements for further information.

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 improves to match comparable players, on both skill level and tournament template, in a fair and timely manner. 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. Our easy-to-integrate SDK contains hundreds of features in a small 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 hundreds of 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. 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.

Key Components of Results of Operations

Revenue

We generate revenue from our two reportable operating segments, Skillz and Aarki.

Skillz 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 and leagues 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;
- 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 qualifying matches 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
- 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.

Aarki Revenue

Thru its Aarki segment, the Company offers a technology platform (i.e. demand side platform, "DSP") to source available advertising space from its network of vendors and suppliers, which uses a real-time auction process. The revenue from advertising is recognized over time based on the number of impressions as the performance obligation is satisfied. The Company considers itself the agent of its customer(s). This is due to the Company's involvement in programmatically placing and sourcing advertisements on behalf of customers via a network of third party publishers. The Company does not, at any time, take ownership of advertising inventory being sourced and placed. Via the DSP, if the Company wins the auction and an impression is served, the customer's advertisement is displayed on the publisher or supplier's mobile application.

Management evaluates whether the performance obligation contained in its insertion order ("IO") is distinct within the context of a customer contract as defined above. We have determined that the nature of our performance obligations to customers is to run their programmatic media campaigns by delivering advertisements to their target audience(s). This is carried out based on parameters and strategies outlined by the customer. This performance obligation to the customer incorporates the following:

- The DSP and related services (i.e., development of campaign strategy, provision of creative services, campaign flighting, performance monitoring and serving of the ads); and
- Sourcing mobile advertising space from the Company's network of vendors / suppliers.

None of these promises are separately identifiable from each other in the contract, as they are integrated with the DSP to provide the customer a combined output. The output empowers the customer to acquire the most valuable space for their mobile advertising campaign based on a pre-established or maximum budget in the IO. Our customers do not dictate where or how the Company sources advertising space. Likewise, the Company does not take ownership of any inventory before the mobile advertisement is served to the customer.

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 related to developed technology directly used to produce the Company's products or services.

Research and Development

Research and development expenses consist of software development costs, composed 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, and stock-based compensation. 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, and UA marketing expenses. Sales and marketing expenses also include allocations based on headcount of rent, maintenance and utilities costs. Personnel related expenses consist of salaries, benefits, and stock-based compensation. 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, legal, accounting, finance, people operations and other administrative functions, expenses for outside professional services, and an allocation for rent, maintenance and utilities costs, which are allocated based on headcount. Personnel related expenses consist of salaries, benefits, and stock-based compensation. General and administrative expenses also include expenses related to loss contingency accruals for pending legal matters, as applicable.

Results of Operations

Consolidated results should be read in conjunction with segment results discussed below and the segment information provided in Note 17, Segment Reporting to our audited consolidated financial statements included in this Form 10-K.

Comparison for the years ended December 31, 2024 and 2023 (in thousands)

	Year Ended December 31,		2024 to 2023 Change	
	2024	2023	Increase/(Decrease)	
			\$	%
Revenue	\$ 92,865	\$ 152,079	\$ (59,214)	(39)%
Costs and expenses:				
Cost of revenue	13,405	15,379	(1,974)	(13)%
Research and development	16,747	28,148	(11,401)	(41)%
Sales and marketing	76,360	122,855	(46,495)	(38)%
General and administrative	78,856	96,654	(17,798)	(18)%
Gain from litigation settlement	(46,000)	—	(46,000)	— %
Impairment of goodwill and long-lived assets	—	3,335	(3,335)	(100)%
Total costs and expenses	139,368	266,371	(127,003)	(48)%
Loss from operations	(46,503)	(114,292)	67,789	(59)%
Gain on extinguishment of debt	—	15,205	(15,205)	(100)%
Interest income (expense), net	298	(2,852)	3,150	(110)%
Change in fair value of common stock warrant liabilities	11	278	(267)	(96)%
Other (expense) income, net	(530)	540	(1,070)	(198)%
Loss before income taxes	(46,724)	(101,121)	54,397	(54)%
Provision for income taxes	66	239	(173)	(72)%
Net loss	\$ (46,790)	\$ (101,360)	54,570	(54)%

Revenue

Revenue decreased by \$59.2 million, or 39%, to \$92.9 million in 2024 from \$152.1 million in 2023. This was primarily due to a reduction in the player base as our monthly active users were 0.8 million in 2024, lower by 0.2 million, or 22%, compared to 1.0 million in 2023. This was commensurate with the decreases in UA marketing and engagement marketing spend of 39% and 44% in 2024, respectively. Beginning in fiscal 2023, the Company reduced user acquisition marketing spend, which is primarily focused on acquiring new players and driving growth in order to improve efficiency and prioritizing profitability over top-line expansion. In parallel, the Company also reduced engagement marketing spend, which is primarily focused on player retention, to eliminate programs that were not profitable on a dollar-for-dollar basis. The Company intentionally reduced spend to achieve better user acquisition efficiency and eliminate lower-return engagement marketing programs. ARPU decreased 19% over the same period.

Cost of Revenue

Cost of revenue decreased by \$2.0 million, or 13%, to \$13.4 million in 2024 from \$15.4 million in 2023. This was primarily driven by a reduction in customer support personnel and payment processing costs. Cost of revenue as a percentage of revenue increased to 14% in 2024 from 10% in 2023.

Research and Development

Research and development costs decreased by \$11.4 million, or 41%, to \$16.7 million in 2024 from \$28.1 million in 2023. This was primarily driven by a \$8.0 million decrease in research and development employee related costs.

Sales and Marketing

Sales and marketing costs decreased by \$46.5 million, or 38%, to \$76.4 million in 2024 from \$122.9 million in 2023. This was primarily due to decreases of 39% and 44% in UA marketing and engagement marketing spend in 2024, respectively, compared to prior periods. This intentional decrease was driven by the strategic decision to prioritize profitability over revenue growth starting in the fiscal year ending December 31, 2023. UA marketing and engagement marketing decreased by \$11.5 million and \$29.0 million, respectively in 2024 and 2023. Additionally, employee related expenses decreased \$3.2 million, or 15% due to a reduction in headcount in the sales and marketing departments during 2024.

General and Administrative

General and administrative costs decreased by \$17.8 million, or 18%, to \$78.9 million in 2024 from \$96.7 million in 2023. This was primarily driven by a \$9.3 million decrease in employee related expenses due to a reduction in headcount in general and administrative departments.

Gain on Legal Settlement

During 2024, we received proceeds under the terms of a settlement agreement entered into with AviaGames in connection with certain bot misuse litigation. The recorded gain on legal settlement was \$46 million in 2024. Refer to Note 10, Commitments and Contingencies, of the notes to the consolidated financial statements for further discussion.

Impairment of Goodwill and Long-lived Assets

During the year ended December 31, 2024, there was no impairment of goodwill or long-lived assets. During the year ended December 31, 2023, we recorded an impairment of \$3.3 million related to goodwill and long-lived assets. The impairment was primarily driven by an investment in non-marketable securities we held of a privately held company on account of significant concerns related to the private company's ability to continue as a going concern.

Gain on Extinguishment of Debt

During the year ended December 31, 2024, there was no gain on debt extinguishment. The gain on debt extinguishment of \$15.2 million for the year ended December 31, 2023 was related to the 2021 Senior Secured Notes. Refer to Note 8, Long-Term Debt, of the notes to the consolidated financial statements for further discussion.

Interest Income (Expense), Net

Interest income, net was \$0.3 million in 2024 as compared to interest expense, net of \$2.9 million in 2023, a net difference of \$3.2 million. This was primarily due to a partial redemption of the 2021 Senior Secured Notes in the second quarter of 2023.

Change in Fair Value of Common Stock Warrant Liabilities

The change in fair value of warrant liabilities decreased by \$0.3 million to less than \$0.1 million in 2024 from \$0.3 million in 2023. Refer to Note 12, Common Stock Warrants, of the notes to the consolidated financial statements for further discussion.

Other (Expense) Income, Net

Other expense, net was \$0.5 million in 2024 compared to other income \$0.5 million in 2023, a net decrease of \$1.0 million. The change was mostly due to the loss on the termination of an operating lease in 2024.

Provision for Income Taxes

The provision for income taxes of \$0.1 million in 2024 decreased from \$0.2 million in 2023. This was primarily due to a book loss, state taxes and equity award activities, mostly offset by a full valuation allowance on our deferred tax assets.

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 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 items impacting net loss from time to time, including, but not limited to charges related to impairment of goodwill and long-lived assets, litigation accruals, loss contingency accruals, gains on extinguishment of debt, gains from litigation settlements, 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. Our 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, we intend to provide investors with an additional tool to use in evaluating ongoing operating results and trends and in comparing the Company’s financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. 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, as all companies may not calculate Adjusted EBITDA in the same manner.

In light 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.

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

	Year Ended December 31,	
	2024	2023
Net loss	\$ (46,790)	\$ (101,360)
Interest (income) expense, net	(298)	2,852
Provision for income taxes	66	239
Depreciation and amortization	1,665	1,961
Stock-based compensation	30,015	43,692
Change in fair value of common stock warrant liabilities	(11)	(278)
Gain on extinguishment of debt	—	(15,205)
Impairment of goodwill and long-lived assets ⁽¹⁾	—	3,335
Loss contingency accrual ⁽²⁾	—	(3,524)
Gain from litigation settlement ⁽³⁾	(46,000)	—
Other expense (income)	530	(540)
Adjusted EBITDA	<u>\$ (60,823)</u>	<u>\$ (68,828)</u>

(1) For the year ended 2023, amount includes impairment of goodwill and long-lived assets.

(2) For the year ended 2023, amount represents the settlement of a litigation matter relating to a former employee.

(3) For the year ended 2024, amount represents a gain on legal settlement recorded in connection with proceeds received under the terms of a settlement agreement entered into with AviaGames in connection with certain bot misuse litigation. Refer to Note 10, Commitments and Contingencies, of the notes to the consolidated financial statements for further discussion.

Segment Results

We have two reportable business segments: Skillz and Aarki. We evaluate the performance of our segments based on revenue and Adjusted EBITDA to assess operational performance and identify actions required to improve profitability.

The segment measurements provided to, and evaluated by, the Chief Operating Decision Maker (“CODM”) are described in Note 17 Segment Reporting to our audited consolidated financial statements included in this Form 10-K.

Segment Results for the Years Ended December 31, 2024 and 2023

The following table provides revenue and Adjusted EBITDA on a segment basis.

	Year Ended December 31,		2024 to 2023 Change	
			Increase/(Decrease)	
	2024	2023	\$	%
Skillz Segment Revenue	\$ 82,442	\$ 139,210	(56,768)	(40.8)%
Aarki Segment Revenue	10,876	13,233	(2,357)	(17.8)%
Elimination	(453)	(364)	(89)	(24.5)%
Consolidated Revenue	\$ 92,865	\$ 152,079	(59,214)	(38.9)%
Skillz Segment Adjusted EBITDA	\$ (53,205)	\$ (64,998)	11,793	18.1 %
Aarki Segment Adjusted EBITDA	(7,618)	(3,830)	(3,788)	(98.9)%
Consolidated Adjusted EBITDA	\$ (60,823)	\$ (68,828)	8,005	11.6 %

Skillz Segment Results

Segment Revenue of \$82.4 million in 2024 decreased \$56.8 million, from \$139.2 million in 2023 primarily due to a decrease in player base as monthly active users decreased from 1.0 million in 2023 to 0.8 million in 2024.

Segment Adjusted EBITDA loss was \$53.2 million in 2024 as compared to a loss of \$65.0 million in 2023. The change was primarily due to lower Segment Revenue, partially offset by reduced research and development, sales and marketing and administrative costs, together with a gain settlement.

Aarki Segment Results

Segment Revenue of \$10.9 million in 2024 decreased \$2.4 million, from \$13.2 million in 2023 primarily due to lower advertising revenue.

Segment Adjusted EBITDA loss was \$7.6 million in 2024 compared to a loss of \$3.8 million in 2023. The change was primarily due to the decline in Segment Revenue.

Liquidity and Capital Resources

As of December 31, 2024, our principal sources of liquidity were our cash and cash equivalents in the amount of \$271.9 million, which are primarily invested in money market funds with maturity less than three months.

In December 2021, the Company offered \$300.0 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 is payable semiannually on June 15 and December 15 of each year, beginning on June 15, 2022. The notes mature on December 15, 2026. We used the net proceeds from the offering for general corporate purposes. The notes contain customary covenants restricting our and certain of our subsidiaries' ability to incur debt, incur liens, make 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 of our senior secured notes, as of December 31, 2024, \$129.7 million of the senior secured notes remained outstanding. We were in compliance with all covenants applicable to our secured notes as of December 31, 2024 and 2023.

Other than as described below with respect to the Company's noncompliance with certain reporting covenants under the Indenture governing its senior secured notes, the Company has complied with debt covenant requirements that could have a material impact on debt classification in the event of non-compliance. In light of delays in the filing of our annual financial statements on this Form 10-K and the interim financial statements on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025, the Company fell out of compliance with the reporting covenants under the Indenture governing its senior secured notes that require the Company provide to the trustee and holders of the senior secured notes all quarterly and annual reports required to be filed with the SEC within the time periods specified under the Exchange Act. As such, on September 30, 2025, the Company received a notice of default from the trustee of the senior secured notes. The filing of this Annual Report on Form 10-K will help us restore compliance with a portion of this requirement and the Company is further taking the necessary steps to file its delayed Quarterly Reports on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025 as soon as

practicable, in order to regain compliance with the applicable provisions of the Indenture. For additional information, see Note 19. Subsequent events.

Our existing liquidity resources are sufficient to continue operating activities for at least one year past the issuance date of the 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):

	Year Ended December 31,	
	2024	2023
Net cash used in operating activities	\$ (7,074)	\$ (71,758)
Net cash (used in) provided by investing activities	\$ (1,377)	\$ 168,301
Net cash used in financing activities	\$ (21,654)	\$ (149,951)

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 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 \$7.1 million for the year ended December 31, 2024. The most significant component of our cash used during this period was a net loss of \$46.8 million which was partially offset by non-cash expenses of \$30.0 million related to stock-based compensation and net cash inflows of \$6.1 million from changes in operating assets and liabilities. The net cash outflows from changes of operating assets and liabilities were primarily the result of other accruals and liabilities of \$7.2 million, accounts payable of \$7.0 million, and accounts receivable of \$0.8 million, partially offset by prepaid expense and other current assets of \$8.7 million and operating lease liabilities of \$0.3 million.

Net cash used in operating activities was \$71.8 million for the year ended December 31, 2023. Cash used in operating activities during this period comprised of a net loss of \$101.4 million, the gain on debt extinguishment of \$15.2 million related to the open market repurchase of our senior secured notes during the second quarter of 2023 and net cash outflows of \$7.2 million from changes in operating assets and liabilities. These were partially offset by non-cash expenses of \$43.7 million related to stock-based compensation. The net cash outflows from changes of operating assets and liabilities were primarily the result of decrease in other accruals and liabilities of \$4.3 million, an increase in prepaid expense and other current assets of \$1.8 million and a decrease in operating lease liabilities of \$2.1 million. This was offset by a decrease in accounts receivable, net of \$1.2 million.

Cash Flows from Investing Activities

Net cash used in investing activities was \$1.4 million for the year ended December 31, 2024. The net cash used in investing activities was primarily driven by capitalization of software development costs of \$1.8 million, partially offset by \$1.1 million in proceeds from sales of marketable securities.

Net cash provided by investing activities was \$168.3 million for the year ended December 31, 2023. The net cash provided by investing activities included \$57.6 million in proceeds from sales of marketable securities and \$126.0 million in proceeds from maturities of marketable securities.

Cash Flows from Financing Activities

Net cash used in financing activities was \$21.7 million for the year ended December 31, 2024, which was primarily due to \$19.3 million for the repurchase of common stock and net proceeds from exercise of common stock options and issuance of common stock of \$1.4 million.

Net cash used in financing activities was \$150.0 million for the year ended December 31, 2023, which was primarily due to \$13.0 million for the repurchase of common stock and \$135.9 million in principal payments on the extinguishment of debt.

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 December 31, 2024, we had lease payment obligations of \$15.1 million, with \$3.2 million payable within 12 months (see Note 9, Leases for additional information).

Long-Term Debt

The Company's long-term debt consists of the 2021 Senior Secured Notes. The total principal amount of \$129.7 million, gross of discount and issuance costs, net, is due on December 15, 2026 (see Note 8 Long-Term Debt for additional information).

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

Our consolidated financial statements have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions or conditions.

We believe that of our significant accounting policies, which are described in Note 2 of the notes to the consolidated financial statements, the following accounting policies and estimates involve a heightened degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

The Company generates substantially all its revenues through its Skillz segment 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 ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606").

Revenue from Entry Fees

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 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 marketing campaigns (collectively, “Monetization Services”).

The Company provides Monetization Services to game developers through its multi-player platform, which enables them to offer competitive games featuring both virtual and real prizes to their end-users. The majority of competitions—approximately 80%—are free to play, and competition on the platform is inherently social, designed to drive engagement and retention among players. These activities are not distinct from each other, as the Company provides an integrated service that allows developers to deliver the complete competitive gaming experience to their end-users, and therefore 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 monthly revenue share from end-users, calculated based on end users’ 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 expenses (as noted below).

The Company collects entry fees and related charges from end-users on behalf of game developers. This is done via the end-user’s pre-authorized credit card or PayPal account. The Company withholds its portion of revenue share and administrative costs from these entry fees. The balance is then recorded as a reduction to revenue for the amount owed to the game developer. Therefore, the game developer’s ability and intent to pay the amounts withheld by the Company is not subject to significant judgment or collection risk. Certain of Skillz’ larger developer agreements provide the Company with a right to withhold additional amounts from their revenue share. These amounts relate to game-specific sales and marketing costs incurred by the Company, in its sole discretion, to acquire end-users on behalf of the game developer. The amount and timing of such withholding(s) is (are) uncertain and based on the future performance of the respective developer’s games. Such amounts are recorded as part of the monthly settlement process with the game developer. Accordingly, the Company has included these amounts as a reduction to the revenue share paid to game developers.

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 does not recognize contract assets or contract liabilities as the payment of the transaction price is concurrent with fulfillment of the services. At the time of game completion, the Company has a right to receive payment for 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 agreements, the game developer, if required by the Company, must continue to make its games available on the platform for a period of up to twelve months. The Company’s agreements with certain game developers cannot be terminated by the developer without the Company’s approval for a period of at least eighteen months under certain conditions. In accordance with optional exemptions available under Topic 606, the Company does not disclose the value of unsatisfied performance obligations for (1) contracts with an original expected length of one year or less, and (2) contracts for which variable consideration relates entirely to an unsatisfied performance obligation or to an unsatisfied promise to transfer a distinct service that forms a part of a single performance obligation.

Games provided by two developer partners accounted for 71% and 73% of the Company’s revenue for the years ended December 31, 2024 and 2023, respectively. Total revenue from entry fees was \$80.4 million and \$134.5 million for the years ended December 31, 2024 and 2023, respectively.

End-User Incentive Programs

To drive traffic to the platform, the Company provides promotions and incentives to end-users in various forms, including Ticketz and Bonus Cash. 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 expenses are recognized when we incur the related cost.

Our primary end-user incentive is Bonus Cash, which is a promotional incentive that cannot be withdrawn and can only be used by end-users to enter paid-entry fee contests. Bonus Cash used as entry fees for paid Competitions can include newly issued Bonus Cash and / or Bonus Cash returned to end-users from prior winnings. We recognize the cost of Bonus Cash as sales and marketing expenses or a reduction of revenue (as discussed below). When Bonus Cash is used towards entry fees for a paid Competition and is returned to an end-user as winnings, we do not record any additional sales and marketing expenses or reductions to revenue. Likewise, if Bonus Cash is returned to an end-user and is used to enter subsequent competitions, which they continue to win, we do not record any additional sales and marketing expenses or reductions to revenue.

- *Marketing promotions and discounts accounted for as reductions to revenue.* These promotions are typically pricing actions in the form of discounts that reduce end-user entry fees. These are offered on behalf of the game developers. Although not required based on the Company's agreement with its game developers, the Company considers that game developers have a valid expectation that certain incentives will be offered to end-users. The determination of a valid expectation is based on an evaluation of all information reasonably available to 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 the initial deposit Bonus Cash that can be earned in fixed amounts when an end-user makes their first deposit on the Skillz platform. Bonus Cash can only be applied by end-users towards future paid-entry fee competitions and cannot be withdrawn.

Another example of this type of incentive would be the redemption of Ticketz earned via game play for either Bonus Cash or merchandise. The redemption process is managed by Skillz and redemption amounts can be changed at Skillz' discretion.

- *Marketing promotions accounted for as sales and marketing expenses.* When the Company concludes that game developers do not have a valid expectation that an incentive will be offered, Management records the related cost as sales and marketing expenses. Management's assessment is based on an evaluation of all information reasonably available to 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 their use of the Skillz 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 believes will stimulate engagement. Similar to Bonus Cash earned from the redemption of "Ticketz", which are virtual currency earned for every competition played based on the amount of the entry fee, or an initial deposit, limited-time Bonus Cash can only be used by end-users to enter future paid entry fee competitions and cannot be withdrawn. The Company also hosts engagement marketing leagues, which run over a period of days or weeks. Prizes are awarded to winners in the form of cash or luxury goods to end-users earning 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' prizes should be paid, all at the Company's discretion. The parameters vary from one league to the next and are not reasonably known, nor communicated to game developers. League prizes in the form of cash can be withdrawn or applied towards future paid-entry fee competitions.

From time to time, the Company issues credits or refunds to end-users that are dissatisfied 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 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.

Indirect Tax Liabilities

The Company is subject to indirect taxes, including sales and use tax in the United States and value-add tax in certain foreign jurisdictions that require management to make various estimates. The Company has indirect tax liabilities totaling \$14.9 million and \$11.2 million as of December 31, 2024 and 2023, respectively, associated with indirect taxes based on currently available information and assumptions that the Company believes are reasonable based on an evaluation of relevant factors. The Company's application of the revenue code for indirect taxes in certain jurisdictions, including those within the United States, may be challenged by taxing authorities in those jurisdictions. Any associated assessments may result in additional tax liabilities. The Company does not currently anticipate that any such assessments will result in a material increase in the liabilities.

Recent Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies, to our 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, the Company is not required to provide the information called for by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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The supplementary financial information required by this Item 8 is included in Item 7.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Skillz Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Skillz Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated November 6, 2025 expressed an adverse opinion.

Change in accounting principle

As discussed in Note 2 to the consolidated financial statements, the Company has adopted new accounting guidance in 2024 related to the disclosure of segment information in accordance with Accounting Standards Update (“ASU”) 2023-07, *Segment Reporting (Topic 280)*. The adoption was retrospectively applied to 2023.

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Classification of end-user incentives

As described further in Note 4 to the consolidated financial statements, the Company primarily derives its revenues by providing monetization services. The Company determined that its customer in the provision of its technology platform and services is the game developer. The monetization services provided by the Company allow game developers to offer multi-player competition to end-users. Efforts by the Company to drive traffic to the game platform involve the offering of promotions and incentives to end-users in various forms. Promotions and incentives that are determined to be consideration payable to a customer are presented as a reduction of revenue, while all other promotions and incentives are presented as sales and marketing expenses. The Company determines which promotions and incentives represent consideration payable to a customer based on its evaluation of whether the game developers have a valid expectation that the promotions and incentives will be offered to end-users. The Company’s determination of a valid expectation 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. We identified the classification of end-user incentives as a critical audit matter.

The principal considerations for our determination that the classification of end-user incentives is a critical audit matter are that evaluating the appropriateness of this assessment requires subjective auditor judgment in the application of U.S. GAAP to the

specific facts of each incentive program, as well as an increased extent of audit effort in evaluating the completeness and accuracy of information relevant to the assessment.

Our audit procedures related to the classification of end-user incentives included the following, among others.

- We evaluated the appropriateness of the entity's accounting policy in accordance with U.S. GAAP.
- Read and evaluated certain contracts and terms of service with game developers and end-users.
- Performed corroborative inquiries and confirmed key terms and conditions with selected game developers.
- Inspected publicly available information published on the Company's website and social media platforms and evaluated the consistency of these information sources with the Company's assessment.
- Inquired of Company personnel in operational, IT, and strategy roles to evaluate the completeness of incentive programs subjected to the Company's assessment.
- Engaged in live end-user game play and evaluated whether all incentives earned through game play were accurately included in the Company's assessment.

Monetization services: use of system-generated audit evidence

As described further in Note 2 to the consolidated financial statements, the Company provides monetization services for game developers' game content. As disclosed in management's report on internal control over financial reporting, the Company identified material weaknesses as of December 31, 2024. The material weaknesses included ineffective information technology general controls (ITGCs) in the areas of user access and program change management controls. As a result of the ITGC material weakness, the Company's related information technology (IT) dependent manual and application controls were also deemed ineffective. The prevention, detection, and correction of material misstatements of the consolidated financial statements is dependent, in part, on management designing and implementing effective ITGCs and related IT dependent manual and application controls related to financial reporting processes. We identified the use of system-generated audit evidence related to the Company's monetization services as a critical audit matter.

The principal considerations for our determination that this matter is a critical audit matter are that the existence of material weaknesses in ITGCs necessitated (i) especially challenging and complex auditor judgment in designing audit procedures and determining that sufficient appropriate audit evidence is obtained for the accounts and disclosures associated with the Company's monetization services and (ii) increased audit effort through the use of individuals with specialized skill and knowledge in information technology.

Our audit procedures related to the use of system-generated audit evidence related to the Company's monetization services included the following, among others.

- We engaged in live end-user game play during the period and traced the related transactions into the system data.
- We tested reconciliations of end-user net cash deposits and withdrawals during the period from payment processors.
- We tested reconciliations of transactions from the system data to the amounts recorded in the general ledger.
- With the assistance of information technology professionals, we:
 - Inspected relevant IT systems to identify and evaluate financially relevant changes during the audit period;
 - Evaluated the appropriateness of user access for the database of the relevant underlying systems;
 - Identified and inspected the code controlling each transaction type, tested the operating effectiveness and inspected the last modification date of each code configuration to determine that no relevant changes were made to that piece of code during the period; and
 - For code changes identified, inspected the code to determine the change was appropriate.

Assessment of indirect tax liabilities

As described further in Note 10 to the consolidated financial statements, the Company is subject to indirect taxes, including sales and use tax in the United States. There is a high degree of complexity involved in the interpretation and application of indirect tax law to the Company's activities for certain domestic jurisdictions. Significant judgments are made by management in estimating these liabilities, which include assessing the taxability of services transacted using the Company's technology solution. We identified the assessment of indirect tax liabilities for certain domestic jurisdictions as a critical audit matter.

The principal consideration for our determination that this matter is a critical audit matter is that management makes significant judgments when determining the indirect tax liabilities for certain domestic jurisdictions, including taxability of services transacted using the Company's technology solution. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence relating to the indirect tax liabilities. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Our audit procedures related to the assessment of indirect tax liabilities included the following, among others:

- With the assistance of our indirect tax specialists, we evaluated management's assessment of the indirect tax law enacted by certain taxing authorities as well as their determination regarding taxability of the Company's services transacted using the Company's technology solution.
- We inspected correspondence between the Company and certain tax authorities.

- We tested the completeness and accuracy of information used in the indirect tax liabilities calculations related to the underlying sales activity and tax rates.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2023.
San Jose, California
November 6, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Skillz Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Skillz Inc. (a Delaware corporation) and subsidiaries (the “Company”) as of December 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, because of the effect of the material weaknesses described in the following paragraphs on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management’s assessment.

- Ineffectively designed risk assessment process impacting internal control over financial reporting and ineffective monitoring controls. As a result, the Company did not appropriately reassess and adequately design and implement controls over financial reporting, including identification and review of disclosures and monitoring controls, and in providing the appropriate evidence of revenue and reconciliations, budgets, and key elements of the financial close process;
- Ineffective information technology general controls (ITGCs) in the areas of user access and segregation of duties, program change management and program operations over information technology (IT) systems that support the Company’s financial reporting processes were not designed or operating effectively; and
- Ineffectively designed and operating controls due to insufficient documentation of control activities and retention of evidence to demonstrate management’s review, as well as the ineffective implementation of controls to prevent and detect misstatements across several accounting processes, including the financial statement close process.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2024. The material weaknesses identified above were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements, and this report does not affect our report dated November 6, 2025 which expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

San Jose, California
November 6, 2025

SKILLZ INC.

CONSOLIDATED BALANCE SHEETS

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

	December 31,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 271,923	\$ 302,028
Restricted cash	9,000	—
Accounts receivable, net of allowance for credit losses of \$273 and \$49 as of December 31, 2024 and 2023, respectively	4,890	5,942
Prepaid expenses and other current assets	17,342	6,721
Total current assets	303,155	314,691
Non-current assets:		
Property and equipment, net	16,282	14,549
Operating lease right-of-use assets, net	308	—
Marketable securities, non-current	—	1,125
Non-marketable equity securities	52,768	52,768
Restricted cash, non-current	1,000	10,000
Other non-current assets	755	2,693
Total non-current assets	71,113	81,135
Total assets	\$ 374,268	\$ 395,826
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,799	\$ 1,712
Operating lease liabilities, current	1,544	1,364
Other current liabilities	54,564	46,782
Total current liabilities	65,907	49,858
Non-current liabilities:		
Operating lease liabilities, non-current	9,338	10,573
Common stock warrant liabilities, non-current	—	11
Long-term debt, net	125,654	123,935
Other non-current liabilities	333	960
Total non-current liabilities	135,325	135,479
Total liabilities	201,232	185,337
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock \$0.0001 par value; 10 million shares authorized — 0 shares issued and outstanding as of December 31, 2024 and 2023	—	—
Common stock \$0.0001 par value; 31.3 million shares authorized; Class A common stock — 25.0 million shares authorized; 18.7 million and 18.1 million shares issued; 13.3 million and 15.8 million outstanding as of December 31, 2024 and 2023, respectively; Class B common stock — 6.3 million shares authorized; 3.4 million shares issued and outstanding as of December 31, 2024 and 2023, respectively	1	1
Additional paid-in capital	1,226,642	1,197,963
Accumulated other comprehensive loss	—	(7)
Accumulated deficit	(1,021,258)	(974,468)
Treasury stock at cost, 5.4 million and 2.3 million shares as of December 31, 2024 and 2023, respectively	(32,349)	(13,000)
Total stockholders' equity	173,036	210,489
Total liabilities and stockholders' equity	\$ 374,268	\$ 395,826

See accompanying Notes to the Consolidated Financial Statements.

SKILLZ INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

	Year Ended December 31,	
	2024	2023
Revenue	\$ 92,865	\$ 152,079
Costs and expenses:		
Cost of revenue	13,405	15,379
Research and development	16,747	28,148
Sales and marketing	76,360	122,855
General and administrative	78,856	96,654
Gain from litigation settlement	(46,000)	—
Impairment of goodwill and long-lived assets	—	3,335
Total costs and expenses	<u>139,368</u>	<u>266,371</u>
Loss from operations	(46,503)	(114,292)
Gain on extinguishment of debt	—	15,205
Interest income (expense), net	298	(2,852)
Change in fair value of common stock warrant liabilities	11	278
Other (expense) income, net	(530)	540
Loss before income taxes	(46,724)	(101,121)
Provision for income taxes	66	239
Net loss	<u>\$ (46,790)</u>	<u>\$ (101,360)</u>
Net loss per share attributable to common stockholders:		
Basic and diluted	<u>\$ (2.62)</u>	<u>\$ (4.85)</u>
Weighted average shares outstanding:		
Basic and diluted	<u>17,845,771</u>	<u>20,893,085</u>
Other comprehensive income:		
Change in unrealized gain on available-for-sale investments, net of tax	\$ 7	\$ 1,556
Total other comprehensive income	<u>\$ 7</u>	<u>\$ 1,556</u>
Total comprehensive loss	<u>\$ (46,783)</u>	<u>\$ (99,804)</u>

See accompanying Notes to the Consolidated Financial Statements.

SKILLZ INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except for number of shares)

	Common stock		Treasury Stock		Additional paid-in capital	Accumulated Other Comprehensive Loss	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	21,068,697	1	—	—	1,153,071	(1,563)	(873,108)	278,401
Issuance of common stock upon release of restricted stock units	232,993	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	95,892	—	—	—	89	—	—	89
Shares withheld related to net share settlement	2,285	—	—	—	(44)	—	—	(44)
Stock repurchased by the Company and held as treasury stock	(2,314,908)	—	2,314,908	(13,000)	—	—	—	(13,000)
Stock-based compensation	—	—	—	—	43,692	—	—	43,692
Stock issued under employee stock purchase plan	98,087	—	—	—	1,155	—	—	1,155
Other comprehensive income	—	—	—	—	—	1,556	—	1,556
Net loss	—	—	—	—	—	—	(101,360)	(101,360)
Balance at December 31, 2023	19,183,046	1	2,314,908	(13,000)	1,197,963	(7)	(974,468)	210,489
Issuance of common stock upon release of restricted stock units	420,747	—	—	—	—	—	—	—
Shares withheld related to net share settlement	227,112	—	—	—	(1,438)	—	—	(1,438)
Issuance of common stock upon exercise of stock options	1,801	—	—	—	2	—	—	2
Stock repurchased by the Company and held as treasury stock	(3,101,510)	—	3,101,510	(19,349)	—	—	—	(19,349)
Stock issued under employee stock purchase plan	5,708	—	—	—	28	—	—	28
Stock-based compensation	—	—	—	—	30,087	—	—	30,087
Other comprehensive income	—	—	—	—	—	7	—	7
Net loss	—	—	—	—	—	—	(46,790)	(46,790)
Balance at December 31, 2024	16,736,904	1	5,416,418	\$ (32,349)	\$ 1,226,642	\$ —	\$ (1,021,258)	\$ 173,036

See accompanying Notes to the Consolidated Financial Statements.

SKILLZ INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,	
	2024	2023
Operating Activities		
Net loss	\$ (46,790)	\$ (101,360)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,665	1,961
Stock-based compensation	30,015	43,692
Gain on extinguishment of debt	—	(15,205)
Accretion of unamortized debt discount and amortization of debt issuance costs	1,719	2,214
Amortization of premium for marketable securities	—	890
Impairment charges of goodwill and long-lived assets	—	3,336
Change in fair value of common stock warrant liabilities	(11)	(278)
Provision for bad debt	221	276
Other, net	—	(259)
Changes in operating assets and liabilities:		
Accounts receivable	831	1,235
Prepaid expenses and other assets	(8,683)	(1,840)
Accounts payable	7,022	16
Operating lease liabilities	(298)	(2,138)
Other accruals and liabilities	7,235	(4,298)
Net cash used in operating activities	(7,074)	(71,758)
Investing Activities		
Purchases of property and equipment	(668)	(13,236)
Capitalization of software development costs	(1,841)	—
Investment in loan receivable	—	(2,000)
Purchases of marketable securities	(5)	—
Proceeds from sales of marketable securities	1,137	57,553
Proceeds from maturities of marketable securities	—	125,984
Net cash (used in) provided by investing activities	(1,377)	168,301
Financing Activities		
Principal payments on finance leases obligations	(869)	(1,096)
Payments for extinguishment of debt	—	(135,855)
Repurchase of common stock	(19,349)	(13,000)
Net proceeds from exercise of stock options and issuance of common stock	(1,436)	—
Net cash used in financing activities	(21,654)	(149,951)
Net change in cash, cash equivalents and restricted cash	(30,105)	(53,408)
Cash, cash equivalents and restricted cash – beginning of year	312,028	365,436
Cash, cash equivalents and restricted cash – end of year	\$ 281,923	\$ 312,028
Supplemental Cash Flow Data:		
Cash paid during the period for:		
Interest	\$ 13,388	\$ 18,330
Taxes	\$ 183	\$ 400
Non-cash investing and financing activities:		
Purchases of property and equipment included in accounts payable	\$ 555	—
Stock-based compensation capitalized in software development costs	\$ 71	—

See accompanying Notes to the Consolidated Financial Statements.

SKILLZ INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. Description of the Business and Basis of Presentation

Business

Skillz (the “Company” or “Skillz”) operates a competitive multi-player platform, driving the future of entertainment by accelerating the convergence of video games, real world prizes, and media. The Company’s principal activities are to develop and support a proprietary online-hosted technology platform that creates a multi-player system inside of game developer’s games (“Competitions”) to end-players worldwide.

Aarki (“Aarki”) is a subsidiary of the Company and is an artificial intelligence company that delivers advertising solutions to drive revenue growth for mobile app developers. Aarki enables brands to effectively engage audiences in a privacy-first world by using billions of contextual bidding signals coupled with proprietary machine learning and behavioral models. Aarki works with advertisers globally and manages ad requests on mobile devices.

Basis of Presentation

The Company’s consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“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”). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company’s fiscal year ends on December 31st of each year.

Reverse Stock Split

On June 23, 2023, the Company effectuated a 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. The Company has retroactively applied the stock split made effective on June 23, 2023, to share and per share amounts on the consolidated financial statements. Accordingly, any information related to or dependent upon the share amounts in the consolidated financial statements has been retrospectively adjusted to reflect the effect of the stock split.

Reclassifications

Certain prior year amounts have been reclassified or changed to conform to the current-year presentation. Such reclassifications had no impact on previously reported net income.

Immaterial Out-Of-Period Adjustments

During the quarter ended December 31, 2024, the Company recorded certain immaterial out-of-period adjustments related to the following:

1. Accounting for indirect taxes: This adjustment related to a prior period change in the calculation of indirect taxes, which resulted in the correction of an understatement to our indirect tax liability and overstatement of revenue of \$1.1 million.
2. Accounting for classification of certain incentives: This adjustment resulted in the correction of an overstatement of selling and marketing expense and an overstatement of revenue of \$1.7 million.

SKILLZ INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Company assessed the materiality of these adjustments on the previously issued financial statements in accordance with SEC Staff Accounting Bulletin Topic 1.M, Materiality and concluded they were not material to the previously issued consolidated financial statements.

SKILLZ INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates, judgments, and assumptions that affect the amounts reported in these financial statements and the accompanying notes. Estimates are used in several areas including, but not limited to, end-user incentives, including Bonus Cash and Ticketz accrual, indirect tax liabilities, the fair value of non-marketable securities, and the impairment of long-lived assets. 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. The actual results may materially differ from these estimates.

Revenue Recognition

The Company recognizes revenue for its services in accordance with the FASB ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). For additional information see Note 4, Revenue.

Cost of Revenue

Cost of revenue primarily consists 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 consisted of cash maintained under an agreement that legally restricts the use of such funds and was not included within cash and cash equivalents. For the years ended December 31, 2024, and December 31, 2023 restricted cash of \$10.0 million relates to the letter of credit for the Company’s former headquarters in San Francisco and cash required to be held by our financial institution. In April 2025, the Company executed a settlement with the landlord of the Company’s former headquarters and as such, in September 2025, the portion of the letter of credit related to the lease was terminated. In addition, the financial institution reduced the amount it required of cash held. As such, in September 2025, the letter of credit was reduced from a total of \$10 million to \$1 million and in the accompanying balance sheet dated December 31, 2024, \$9 million of restricted cash is presented as restricted cash, a component of current assets.

A reconciliation of the Company’s cash and cash equivalents in the consolidated balance sheets to cash, cash equivalents and restricted cash in the consolidated statements of cash flows as of December 31, 2024 and 2023 is as follows:

	December 31,	
	2024	2023
Cash	\$ 19,975	\$ 14,968
Money market	251,948	287,060
Restricted cash classified as current asset	9,000	—
Restricted cash classified as a non-current asset	1,000	10,000
Cash, cash equivalents and restricted cash	<u>\$ 281,923</u>	<u>\$ 312,028</u>

SKILLZ INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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, established financial institutions, the deposits, at times, may exceed federally insured limits. The Company has not experienced losses on its deposits of cash and cash equivalents. 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. At December 31, 2024, the Company had cash balances on deposit with various financial institutions that in the aggregate exceeded the federally insured limits in the amount of \$278.2 million.

Accounts Receivable, Net

Accounts receivable, net, represents amounts recorded for programmatic media campaigns, net of an allowance for credit losses from our advertising revenue customers of our Aarki segment. 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 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.

The account activity in the allowance for credit losses for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Beginning balance January 1,	\$ 49	\$ —
Provision for bad debt expense	221	276
Write-offs, net of recoveries	3	(227)
Ending balance December 31,	<u>\$ 273</u>	<u>\$ 49</u>

Four customers of Aarki accounted for 18%, 14%, 10% and 10%, of the accounts receivable balance as of December 31, 2024, and three customers of Aarki account for 37%, 12% and 9% of the accounts receivable balance as of December 31, 2023.

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 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.

SKILLZ INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 primarily 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 building will be depreciated on a straight-line basis over its estimated useful life of 39 years. The land is not subject to depreciation. The building has been utilized as the Company's headquarters effective since February 2024.

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 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.

SKILLZ INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 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 consolidated statements of operations and comprehensive loss. The Company separately presents investments in non-marketable equity securities within long-term assets on the consolidated balance sheets.

Variable Interest Entities

A variable interest entity (“VIE”) is an entity that either (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support, or (ii) has equity investors who lack the characteristics of a controlling financial interest. Under ASC 810 “Consolidation,” an entity that holds a variable interest in a VIE and meets certain requirements would be considered to be the primary beneficiary of the VIE and required to consolidate the VIE in its consolidated financial statements. In order to be considered the primary beneficiary of a VIE, an entity must hold a variable interest in the VIE and have both:

- the power to direct the activities that most significantly impact the economic performance of the VIE; and
- the right to receive benefits from, or the obligation to absorb losses of, the VIE that could be potentially significant to the VIE.

The Company holds a cost method investment in Big Run Studios, Inc. (“Big Run”), a privately held variable interest entity and one of the Company’s top game developers. The Company determined that it is not the primary beneficiary as it does not have the power to direct the activities that most significantly impact the entity’s performance. During the year ended December 31, 2023, the Company fully impaired the carrying value of its investment in Big Run of \$2.9 million due to significant concerns about the entity’s ability to continue as a going concern. During 2023, the Company also loaned Big Run \$2.0 million pursuant to a loan agreement for the purpose of allowing Big Run to meet its cash flow needs. This loan was fully repaid in 2024 (see Note 5, Balance Sheet Components).

Advertising and Promotional Expense

Advertising and promotional expenses are included in sales and marketing expenses within the consolidated statements of operations and comprehensive loss and are expensed when incurred. For the years ended December 31, 2024 and 2023, advertising expenses, not including marketing promotions related to the Company’s end-user incentive programs, were \$19.4 million and \$30.7 million, respectively.

User Acquisition

User acquisition (“UA”) marketing costs to acquire new paying users to the platform are presented in sales and marketing expenses in the consolidated statements of operations and comprehensive loss. UA marketing costs during the years ended December 31, 2024 and 2023 were approximately \$18.4 million and \$29.4 million, respectively.

Private Common Stock Warrant Liabilities

As part of the closing of Flying Eagle Acquisition Corporation’s, a Delaware corporation (“FEAC”), initial public offering, FEAC completed the private sale of 501,667 warrants to FEAC’s sponsor at a purchase price of \$30.00 per warrant (the “Private Warrants”). In connection with the FEAC Business Combination, FEAC’s sponsor agreed to forfeit 250,833 Private

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Warrants. Each Private Warrant allows the sponsor to purchase one share of Class A common stock at \$230.00 per share. There were 226,786 Private Warrants outstanding as of December 31, 2024 and 2023.

The Private Warrants and the shares of common stock issuable upon the exercise of the Private Warrants are not transferable, assignable or salable, subject to certain limited exceptions. Additionally, the Private Warrants are exercisable for cash or on a cashless basis, and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company evaluated the Private Common Stock Warrants under ASC 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity* ("ASC 815-40"), and concluded that they do not meet the criteria to be classified in stockholders' equity. Specifically, the exercise of the Private Common Stock Warrants may be settled in cash upon the occurrence of a tender offer or exchange that involves 50% or more of the Company's Class A stockholders. As there are two classes of common stock, and not all of the stockholders need to participate in such tender offer or exchange to trigger the potential cash settlement and the Company does not control the occurrence of such an event, the Company concluded that the Private Warrants do not meet the conditions to be classified in equity. Since the Private Common Stock Warrants meet the definition of a derivative under ASC 815, the Company recorded these warrants as liabilities on the consolidated balance sheet at fair value, with subsequent changes in their respective fair values recognized in the consolidated statement of operations and comprehensive loss at each reporting date.

The Private Warrants were valued using the Black-Scholes-Merton Option pricing model that is based on the individual characteristics of the warrants on the valuation date, which include the Company's stock price and assumptions for expected volatility, expected life and risk-free interest rate, as well as the present value of the minimum cash payment component of the instrument for the warrants, when applicable. Changes in the assumptions used could have a material impact on the resulting fair value of each warrant. The primary inputs affecting the value of the warrant liability are the Company's stock price and volatility in the Company's stock price, as well as assumptions about the probability and timing of certain events, such as a change in control or future equity offerings. Increases in the fair value of the underlying stock or increases in the volatility of the stock price generally result in a corresponding increase in the fair value of the warrant liability; conversely, decreases in the fair value of the underlying stock or decreases in the volatility of the stock price generally result in a corresponding decrease in the fair value of the warrant liability. As of December 31, 2024, the carrying value of the warrant liability was reduced to zero.

Derivative Financial Instruments

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including its long-term debt to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. Embedded derivatives must be separately measured from the host contract if all the requirements for bifurcation are met. The assessment of the conditions surrounding the bifurcation of embedded derivatives depends on the nature of the host contract. Bifurcated embedded derivatives and freestanding derivative financial instruments that are classified as assets or liabilities are recognized at fair value with changes in fair value recognized as a component of other income (expense), net in the consolidated statements of operations and comprehensive loss.

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 company-based 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-based performance 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 14, 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.

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The Company has primarily granted restricted stock units (“RSUs”), which have a service-based vesting condition over a four-year period to members of the Company’s Board of Directors (the “Board”) and, since 2023, over a one-year period to its employees. The fair value of each share of underlying common stock is based on the closing price of the Company’s common stock on the date of the grant. Also, the Company has granted RSU’s that have a performance-based vesting condition based on the Company meeting minimum targets based on either Gross Marketplace Volume (“GMV”) or Adjusted EBITDA for the years ended December 31, 2024 and 2023. Given that the actual results were less than the minimum targets in 2024 and 2023, no performance-based targets vested in 2024 or 2023.

For awards with market-based performance 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-based performance 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.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements or in the Company’s tax returns. Deferred income taxes are recognized for differences between financial reporting and tax basis of assets and liabilities at the enacted statutory tax rates in effect for the years in which the temporary differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain.

The Company records a valuation allowance to reduce deferred tax assets to the net amount that the Company believes is more likely than not to be realized. In assessing the need for a valuation allowance, the Company considered historical levels of income, expectations of future taxable income and ongoing tax planning strategies. In light of the uncertainty of the realization of our deferred tax assets, the Company recorded a full valuation allowance against deferred tax assets. Realization of deferred tax assets is dependent primarily upon future U.S. taxable income.

The Company utilizes a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement.

Although the Company believes it has adequately reserved for uncertain tax positions, management can provide no assurance that the final tax outcome of these matters will not be materially different. The Company evaluates its uncertain tax position on a regular basis and evaluations are based on a number of factors, including changes in facts and circumstances, changes in tax law, correspondence with tax authorities during the course of an audit and effective settlement of audit issues.

To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on the Company’s financial condition and operating results. The provision for income taxes includes the effects of any accruals that the Company believes are appropriate, as well as the related net interest and penalties. The Company accounts for taxes due on future U.S. inclusions in taxable income under the Global Intangible Low-Taxed Income (“GILTI”) provision as a current-period expense when incurred.

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Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, generally three to five years, except for the Company's owned building, which is 39 years. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the term of the related lease. Maintenance and repairs that do not extend the life or improve the asset are expensed as incurred. Upon disposal of property and equipment, assets and related accumulated depreciation are removed from the accounts, and the related gain or loss is included in the consolidated statement of operations and comprehensive loss as a component of other income (expense), net.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If property and equipment are considered to be impaired, the amount by which the carrying value of the asset exceeds its fair value would represent the impairment to be recognized. Refer to Long-lived Assets above for impairment of long-lived assets.

The Company capitalizes certain costs related to developed software solely for internal use to deliver its services. The Company capitalizes costs during the application development stage once the preliminary project stage is complete, management authorizes and commits to funding the project, it is probable that the project will be completed, and that the software will be used to perform the function intended. Costs related to preliminary project activities and post-implementation activities are expensed as incurred.

The following table presents the estimated useful lives of the Company's property and equipment:

Property and Equipment	Useful Life
Buildings	39 years
Computer equipment and servers	3 years
Capitalized internal-use software	3 years
Furniture and fixtures	5 years
Leased equipment and leasehold improvements	Shorter of estimated useful life or remaining lease term

Leases

The Company accounted for leases in accordance with Accounting Standards Update Topic 842 ("ASC 842"). Under ASC 842, the Company determines if an arrangement is a lease at inception. Right of Use ("ROU") assets and lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers lease payments that are fixed at the time of commencement. As most of the Company's leases do not provide an implicit rate, it uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The determination of an appropriate incremental borrowing rate requires judgment. The Company determines its incremental borrowing rate based on publicly available data for instruments with similar characteristics, including recently issued debt, as well as other factors. The ROU asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. The Company has elected to account for short-term leases by recognizing lease payments in profit or loss on a straight-line basis over the lease term, and variable lease payments in the period in which the obligation for those payments is incurred.

The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise such options. When determining the probability of exercising such options, the Company considers contract-based, asset-based, entity-based, and market-based factors. The Company's lease agreements may contain variable costs such as common area maintenance, insurance, real estate taxes or other costs. Variable lease costs are expensed as general and administrative expenses as incurred on the consolidated statements of operations and comprehensive loss. The Company's lease agreements generally do not contain any residual value guarantees or restrictive covenants.

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ROU assets related to the Company's operating leases are included in operating lease ROU assets, while the corresponding lease liabilities are included in current and non-current operating lease liabilities on the Company's consolidated balance sheets. ROU assets related to the Company's finance leases are included in property and equipment, while the corresponding lease liabilities are included in other current liabilities and other non-current long-term liabilities on the Company's consolidated balance sheets. For the year ended December 31, 2022, the Company recorded a full impairment of an ROU asset, resulting in an impairment charge of \$11.5 million.

Interest Income (Expense), Net

Interest income (expense), net consisted of the following for the year ended December 31, 2024 and 2023.

	Year Ended December 31,	
	2024	2023
Interest expense	\$ (15,108)	\$ (21,477)
Interest income	15,406	18,625
Interest income (expense), net	\$ 298	\$ (2,852)

Indirect Tax Liabilities

The Company is subject to indirect taxes such as sales and use tax in the United States and value-added tax in certain foreign jurisdictions, respectively. Indirect tax liabilities are adjusted considering changing facts and circumstances, such as the closing of a tax examination, further interpretation of existing tax law, or new tax law. The Company recognizes changes to its estimate if it is estimable and probable that its position would not be sustainable upon examination by taxing authorities. Although management believes the Company's recorded liabilities are reasonable, no assurance can be given that the final tax outcomes of these matters will not be different from that which its liabilities are based on. To the extent that final tax outcomes of these matters are different than the amounts recorded, such differences could have a material impact on the Company's consolidated financial statements as the Company records related tax reserves as a reduction in revenue, and penalties and interest in general and administrative expenses. The Company recorded indirect tax liabilities of \$14.9 million and \$11.2 million in 2024 and 2023, respectively. See Note 10, Commitments and Contingencies.

Segments

Operating segments are defined as components of an entity for which separate financial information is available and that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. Effective beginning in the fourth quarter of 2023, the Company had two operating and reportable segments. See Note 17, Segment Reporting.

Recently Adopted Accounting Standards and Updates

In November 2023, the FASB issued an update, ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this update and has retrospectively applied the disclosure requirement to all prior periods presented in its consolidated financial statements.

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Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, “*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*,” which requires public entities to disclose specific tax rate reconciliation categories, as well as income taxes paid disaggregated by jurisdiction, amongst other disclosure enhancements. The ASU is effective for financial statements issued for annual periods beginning after December 15, 2024, with early adoption permitted. The amendments in ASU 2023-09 should be applied on a prospective basis and retrospective application is permitted. The Company is evaluating the disclosure requirements related to the new standard.

In November 2024, the Financial Accounting Standards Board (FASB) issued ASU 2024-03, “*Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*” and an amendment ASU 2025-01 that clarified the effective date. The new standard requires public entities to disclose disaggregated information about certain costs and expenses in the notes to their financial statements in both annual and interim filings. ASU 2024-03 is effective for financial statements issued for annual reporting periods beginning after December 15, 2026, with early adoption permitted and can be applied either prospectively or retrospectively. The Company is evaluating the disclosure requirements related to the new standard.

In March 2025, the Financial Accounting Standards Board (FASB) issued ASU 2025-02, “*Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 122*” which eliminates the requirement to recognize a liability and corresponding asset for obligations to safeguard crypto assets. This was effective immediately upon its release and applied retrospectively for annual reporting periods after December 15, 2024. The Company believes this standard will have no material impact on its financial statements or footnotes.

In May 2025, the Financial Accounting Standards Board (FASB) issued ASU 2025-03, “*Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*” which addresses how to determine the accounting acquirer in business combinations when the legal acquiree is a VIE, especially when the transaction primarily involves the exchange of equity interests. ASU 2024-03 is effective for financial statements issued for annual reporting periods beginning after December 15, 2026, with early adoption permitted and is to be applied prospectively. The Company is evaluating the disclosure requirements related to the new standard.

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3. 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. In connection with the spin-off transaction, the Company provided Aarki \$5.0 million to fund its operations in exchange for Series A Preferred Stock of Aarki. In December 2024, the Company provided Aarki an additional \$5.0 million to fund its operations in exchange for Series B Preferred Stock of Aarki. Both the Series A and Series B funding transactions were eliminated in consolidation and were used to provide working capital to Aarki. Subsequent to the funding of Series B, on a fully diluted basis, the awards would represent 17.6% of the ownership of Aarki, which, as of December 31, 2024 and 2023, 13.4% and 0.0% of the awards had been granted, respectively. Vested and exercised awards constituted an immaterial non-controlling interest in Aarki. The Company does not intend to grant future Skillz equity awards to Aarki employees.

In connection with the foregoing, Aarki is also being designated as an unrestricted subsidiary under the indenture governing the Company’s 10.25% Secured Notes due 2026.

4. Revenue

The following tables present our revenues, disaggregated by offering, geographical region, and reportable segment. Revenue by geographical region is based on the location where the game developer or advertising customer is headquartered. Revenue is recognized net of any taxes collected from customers (e.g., sales and other indirect taxes), which are subsequently remitted to governmental entities. For more information on revenues presented by reportable segments, see Note 17, Segment Reporting.

	Year Ended December 31, 2024			
	Skillz	Aarki	Elimination	Consolidated
Revenue From Customers:				
Entry Fee Revenue	\$ 80,426	\$ —	\$ —	\$ 80,426
Advertising Revenue	—	10,876	(453)	10,423
Other Revenue:				
Maintenance Fee Revenue	2,016	—	—	2,016
Total Revenue	\$ 82,442	\$ 10,876	\$ (453)	\$ 92,865
United States	\$ 77,032	\$ 2,622	\$ (453)	\$ 79,201
Israel	813	2,060		2,873
Malta	9	2,491		2,500
China	2,154	59		2,213
Hong Kong	725	541		1,266
Cyprus	11	962		973
Other Countries	1,698	2,141		3,839
Total Revenue	\$ 82,442	\$ 10,876	\$ (453)	\$ 92,865

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	Year Ended December 31, 2023			
	Skillz	Aarki	Elimination	Consolidated
Revenue From Customers:				
Entry Fee Revenue	\$ 134,526	\$ —	\$ —	\$ 134,526
Advertising Revenue	—	13,233	(364)	12,869
Other Revenue:				
Maintenance Fee Revenue	4,684	—	—	4,684
Total Revenue	\$ 139,210	\$ 13,233	\$ (364)	\$ 152,079
United States	\$ 129,834	\$ 4,010	\$ (364)	\$ 133,480
Israel	2,011	2,469		4,480
China	3,198	35		3,233
Malta	23	3,057		3,080
Other Countries	4,144	3,662	—	7,806
Total Revenue	\$ 139,210	\$ 13,233	\$ (364)	\$ 152,079

Revenue from Entry Fees

The Company generates substantially all its revenues through its competition-based Skillz segment by providing a service to game developers for monetization of their game content. The monetization service provided by Skillz allows developers to offer multi-player competition to their end-users for the purpose of end-user retention and engagement. Skillz provides developers with a software development kit (“SDK”) 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 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 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 (collectively, “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 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 monthly revenue share from end-users, calculated based on end users’ 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 expenses (as noted below).

The Company collects entry fees and related charges from end-users on behalf of game developers. This is done via the end-user’s pre-authorized credit card or PayPal account. The Company withholds its portion of revenue share and administrative costs from these entry fees. The balance is then recorded as a reduction to revenue for the amount owed to the game developer. Therefore, the game developer’s ability and intent to pay the amounts withheld by the Company is not subject

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to significant judgment or collection risk. Certain of Skillz' larger developer agreements provide the Company with a right to withhold additional amounts from their revenue share. These amounts relate to game-specific sales and marketing costs incurred by the Company, in its sole discretion, to acquire end-users on behalf of the game developer. The amount and timing of such withholding(s) is (are) uncertain and based on the future performance of the respective developer's games. Such amounts are recorded as part of the monthly settlement process with the game developer. Accordingly, the Company has included these amounts as a reduction to the revenue share paid to game developers.

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 does not recognize contract assets or contract liabilities as the payment of the transaction price is concurrent with fulfillment of the services. At the time of game completion, the Company has a right to receive payment for 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 agreements, the game developer, if required by the Company, must continue to make its games available on the platform for a period of up to twelve months. The Company's agreements with certain game developers cannot be terminated by the developer without the Company's approval for a period of at least eighteen months under certain conditions. In accordance with optional exemptions available under Topic 606, the Company does not disclose the value of unsatisfied performance obligations for (1) contracts with an original expected length of one year or less, and (2) contracts for which variable consideration relates entirely to an unsatisfied performance obligation or to an unsatisfied promise to transfer a distinct service that forms a part of a single performance obligation.

Games provided by two developer partners accounted for 71% and 73% of the Company's revenue for the years ended December 31, 2024 and 2023, 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. Certain promotions and incentives that are consideration payable to customers, 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 expenses are recognized when we incur the related cost.

Our primary end-user incentive is Bonus Cash, which is a promotional incentive that cannot be withdrawn and can only be used by end-users to enter paid-entry fee contests. Bonus Cash used as entry fees for paid Competitions can include newly issued Bonus Cash and / or Bonus Cash returned to end-users from prior winnings. We recognize the entire cost of Bonus Cash as sales and marketing expenses or a reduction of revenue (as discussed below). When Bonus Cash is used towards entry fees for a paid Competition and is returned to an end-user as winnings, we do not record any additional sales and marketing expenses or reductions to revenue. Likewise, if Bonus Cash is returned to an end-user and is used to enter subsequent competitions, which they continue to win, we do not record any additional sales and marketing expenses or reductions to revenue.

- *Marketing promotions and discounts accounted for as reductions to revenue.* These promotions are typically pricing actions in the form of discounts that reduce end-user entry fees. These are offered on behalf of the game developers. Although not required based on the Company's agreement with its game developers, the Company considers that game developers have a valid expectation that certain incentives will be offered to end-users. The determination of a valid expectation is based on an evaluation of all information reasonably available to 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 the initial deposit Bonus Cash that can be earned in fixed amounts when an end-user makes their first deposit on the Skillz platform. Bonus Cash can only be applied by end-users towards future paid-entry fee competitions and cannot be withdrawn.

Another example of this type of incentive would be the redemption of Ticketz earned via game play for either Bonus Cash or merchandise. The redemption process is managed by Skillz and redemption amounts can be changed at Skillz discretion.

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For the years ended December 31, 2024 and 2023, the Company recognized a reduction of revenue of \$13.7 million and \$25.8 million, respectively, related to these end-user incentives.

- *Marketing promotions accounted for as sales and marketing expenses.* When the Company concludes that game developers do not have a valid expectation that an incentive will be offered, Management records the related cost as sales and marketing expenses. Management's assessment is based on an evaluation of all information reasonably available to 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 their use of the Skillz 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 believes will best stimulate engagement. Similar to Bonus Cash earned from the redemption of "Ticketz", which are virtual currency earned for every competition played based on the amount of the entry fee, or an initial deposit, limited-time Bonus Cash can only be used by end-users to enter future paid entry fee competitions and cannot be withdrawn. The Company also hosts engagement marketing leagues, which run over a period of days or weeks. Prizes are awarded to winners in the form of cash or luxury goods to end-users earning 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' prizes should be paid, all at the Company's discretion. The parameters vary from one league to the next and are not reasonably known, nor communicated to game developers. League prizes in the form of cash can be withdrawn or applied towards future paid-entry fee competitions.

For the years ended December 31, 2024, and 2023, the Company recognized sales and marketing expense of \$35.8 million and \$58.9 million, respectively, related to these end-user incentives.

From time to time, the Company issues credits or refunds to end-users that are dissatisfied 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 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.

Total engagement marketing accounted for as sales and marketing expense recognized in the years ended December 31, 2024 and 2023 were \$37.0 million and \$64.9 million, respectively.

Advertising Revenue

The Company offers a technology platform (i.e. demand side platform, "DSP") to source available advertising space from its network of vendors / suppliers (aka, advertising exchange partners / publishers), which uses a real-time auction process. The revenue from advertising is recognized over time based on the number of impressions as the performance obligation is satisfied. The Company considers itself the agent of its customer(s). This is due to the Company's involvement in programmatically placing and sourcing advertisements on behalf of customers via a network of third party publishers. The Company does not, at any time, take ownership of advertising inventory being sourced and placed. Via the DSP, if the Company wins the auction and an impression is served, the customer's advertisement is displayed on the publisher / supplier's mobile application.

Management evaluates whether the performance obligation contained in its insertion order ("IO") is distinct within the context of a customer contract as defined above. We determined the nature of our performance obligations to customers is to run their programmatic media campaigns by delivering advertisements to their target audience(s). This is carried out based on parameters and strategies outlined by the customer. This performance obligation to the customer incorporates the following:

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- The DSP and related services (i.e., development of campaign strategy, provision of creative services, campaign flighting, performance monitoring and serving of the ads); and
- Sourcing mobile advertising space from the Company’s network of vendors / suppliers.

None of these promises are separately identifiable from each other in the contract, as they are integrated with the DSP to provide the customer a combined output. The output empowers the customer to acquire the most valuable space for their mobile advertising campaign based on a pre-established / maximum budget in the IO. Our customers do not dictate where or how the Company sources advertising space. Likewise, the Company does not take ownership of any inventory before the mobile advertisement is served to the customer.

For performance obligations related to advertising revenue, customers are extended 30 day payment terms from completion of each month’s IO and no advertising revenue customers accounted for more than 5% of the Company’s revenue in either of the years ended December 31, 2024 and 2023, respectively.

The Company recognizes an asset for incremental costs of obtaining a contract with the customer as long as Management expects to recover these costs. Incremental costs are those that would have not been incurred if the contract did not exist. Examples of incremental costs often capitalized are sales commissions whereas examples of costs that would not be included are internal employee salaries, standard benefits, travel costs, and other / general legal costs. Sales commissions are the only incremental contract costs the Company incurs and are paid based on collected revenue based on the recipient’s assigned accounts. As commissions are typically satisfied within one year after an executed contract, the Company applies the practical expedient under ASC 340-40, *Other Assets and Deferred Costs: Contracts with Customers*.

Maintenance Fee Revenue

When a player becomes inactive on the platform by not participating in a tournament for six consecutive months, the Company will impose a monthly maintenance fee. This fee is charged to the player and recognized as revenue by the Company beginning in the seventh month of inactivity.

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 December 31, 2024 and 2023:

	December 31,	
	2024	2023
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 \$2.0 million to Big Run Studio (“Big Run”) at a designated rate of 11.5%, with interest-only 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 and maturing on June 1, 2025. The interest-only period may be extended in six month increments upon mutual written agreement between Big Run and Skillz. The credit facility was perfected by way of a Uniform Commercial Code-1 statement whereby the Company is provided first-order secured rights in the event of default by Big Run. On April 12, 2024, the Company and Big Run Studio entered into a Side Letter Agreement providing that a portion of the AviaGames settlement funds allocated to Big Run Studio be utilized to repay the outstanding principal amount and accrued interest under the Loan and Security Agreement. On May 3, 2024, Big Run Studio repaid all of the outstanding principal amount and accrued interest under the Loan and Security Agreement. For the years ended December 31, 2024 and 2023, the Company recognized \$0.1 million and \$0.1 million of interest income related to this Credit Agreement, respectively.

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Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
Credit card processing reserve	\$ 1,000	\$ 1,000
Prepaid expenses	5,949	4,364
Other current assets	10,393	1,357
Prepaid expenses and other current assets	<u>\$ 17,342</u>	<u>\$ 6,721</u>

Property and Equipment, net

Property and equipment, net consisted of the following as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
Land	\$ 980	\$ 980
Building	12,590	10,541
Capitalized internal-use software	9,128	9,113
Computer equipment and servers	1,797	1,410
Furniture and fixtures	363	278
Leasehold improvements	122	117
Construction in progress	2,507	1,745
Total property and equipment	27,487	24,184
Accumulated depreciation and amortization	(11,205)	(9,635)
Property and equipment, net	<u>\$ 16,282</u>	<u>\$ 14,549</u>

Property and equipment, net by geography was as follows:

	Year Ended December 31,	
	2024	2023
United States	\$ 15,909	\$ 14,186
Other countries	373	363
Total	<u>\$ 16,282</u>	<u>\$ 14,549</u>

Depreciation and amortization expense related to property and equipment was \$1.7 million and \$2.0 million in the years ended December 31, 2024 and 2023, respectively.

Non-marketable securities

Non-marketable equity securities are investments in privately held companies without readily determinable fair values. We have accounted for these investments using the measurement alternative. Under the measurement alternative, the equity investment is initially recorded as its allocated cost, but the carrying value may be adjusted through earnings upon an impairment or when there is an observable price change involving the same or a similar investment with the same issuer. There

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were no indicators of impairment or the occurrence of observable price changes during the years ended December 31, 2024 and 2023. The carrying value of the Company's investments without readily determinable fair values was \$52.8 million and \$52.8 million in December 31, 2024 and 2023, respectively, and was classified within "non-marketable equity securities" in the consolidated balance sheets.

During the year ended December 31, 2023, the Company identified an impairment related to one of its investments in a privately held company. The Company reviewed the private company's forecast and noted significant concerns about the private company's ability to continue as a going concern. As a result, an impairment charge of \$2.9 million was recorded as of December 31, 2023. The Company did not record any other 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 years ended December 31, 2024 or 2023.

Other Current Liabilities

Other current liabilities consisted of the following as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
Accrued sales and marketing expenses	\$ 1,832	\$ 2,275
Accrued compensation	2,592	2,070
Accrued publisher fees	2,527	3,607
End-user liability, net	6,900	6,590
Accrued developer revenue share	862	1,086
Short-term finance lease obligations	464	831
Accrued legal expenses	15,244	7,949
Accrued interest expenses	554	554
Indirect tax liabilities	14,932	11,206
Accrued operating expenses	7,933	9,715
Other	724	899
Other current liabilities	<u>\$ 54,564</u>	<u>\$ 46,782</u>

The Company recorded legal expense of \$20.3 million and \$15.6 million for the years ended December 31, 2024 and 2023, respectively. The increase in legal expense was primarily attributed to the settlement of the litigation with AviaGames. See Note 10, Commitments and Contingencies, for more details.

6. Fair Value Measurements

As of December 31, 2024 and 2023, 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 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis:

	Fair Value Measurements as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash Equivalents:				
Money market funds	\$ 251,948	\$ —	\$ —	\$ 251,948
Total assets	\$ 251,948	\$ —	\$ —	\$ 251,948
Liabilities:				
Common Stock Warrants:				
Private Common Stock Warrants	—	—	—	—
Total liabilities	\$ —	\$ —	\$ —	\$ —

	Fair Value Measurements as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash Equivalents:				
Money market funds	\$ 287,060	\$ —	\$ —	\$ 287,060
Available-for-Sale Investments:				
Asset-backed securities	—	1,125	—	1,125
Total assets	\$ 287,060	\$ 1,125	\$ —	\$ 288,185
Liabilities:				
Common Stock Warrants:				
Private Common Stock Warrants	—	—	11	11
Total liabilities	\$ —	\$ —	\$ 11	\$ 11

Available-for-Sale Investments

Available-for-sale investments were classified within Level 1 or Level 2 as the Company uses 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 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.

Private Common Stock Warrants

The Private Warrants were classified within Level 3 as they were valued based on a Black-Scholes-Merton 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. As of December 31, 2024 and 2023, the fair value of the Private Warrants liability was \$0.0 and \$11.0 thousand, respectively.

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The following sets forth the activity for Private Warrants:

	Private Warrants	
Balance at December 31, 2023	\$	11
Private warrant shares exercised		—
Fair market value adjustment		(11)
Balance as of December 31, 2024	\$	—

2021 Senior Secured Notes

The 2021 Senior Secured Notes are classified as Level 2 financial instruments, and the fair value of the notes is presented for disclosure purposes only. The Company determined the fair value of the notes is \$121.6 million and \$107.3 million as of December 31, 2024 and 2023, respectively based on secondary market quotes.

The following sets forth the activity for the 2021 Senior Secured Notes:

	2021 Senior Secured Notes	
Balance at December 31, 2023	\$	107,303
Fair market value increase		14,264
Balance as of December 31, 2024	\$	121,567

7. Investments

Investment Components

The components of investments were as follows:

As of December 31, 2024							
	Adjusted Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities - Current	Marketable Securities - Non-current
Money market funds	\$251,948	\$ —	\$ —	\$251,948	\$ 251,948	\$ —	\$ —
Total investments	\$251,948	\$ —	\$ —	\$251,948	\$ 251,948	\$ —	\$ —
As of December 31, 2023							
	Adjusted Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities - Current	Marketable Securities - Non-current
Asset-backed securities	\$ 1,132	\$ —	\$ (7)	\$ 1,125	\$ —	\$ —	\$ 1,125
Money market funds	287,060	—	—	287,060	287,060	—	—
Total investments	\$288,192	\$ —	\$ (7)	\$288,185	\$ 287,060	\$ —	\$ 1,125

Non-marketable equity securities are investments in privately held companies without readily determinable fair values. We have accounted for these investments using the measurement alternative. Under the measurement alternative, the equity investment is initially recorded as its allocated cost, but the carrying value may be adjusted through earnings upon an impairment or when there is an observable price change involving the same or a similar investment with the same issuer. There were no indicators of impairment or the occurrence of observable price changes during the years ended December 31, 2024 and 2023. The carrying value of the Company's investments without readily determinable fair values was \$52.8 million in both December 31, 2024 and 2023 and was classified within "non-marketable equity securities" in the consolidated balance sheets.

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During the year ended December 31, 2023, the Company identified an impairment related to one of its investments in a privately held company. The Company reviewed the private company's forecast and noted significant concerns about the private company's ability to continue as a going concern. As a result, an impairment charge of \$2.9 million was recorded as of December 31, 2023. The Company did not record any other 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 years ended December 31, 2024 or 2023.

Unrealized Losses on Marketable Securities

The Company held no marketable securities as of December 31, 2024 and, as such, had no unrealized losses.

8. Long-Term Debt

Components of long-term debt were as follows as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
2021 Senior Secured Notes	\$ 129,671	\$ 129,671
Unamortized discount and issuance costs	(4,017)	(5,736)
Long-term debt, non-current	<u>\$ 125,654</u>	<u>\$ 123,935</u>

2021 Senior Secured Notes

On December 20, 2021, the Company entered into \$300 million of 10.25% secured notes (the "2021 Senior Secured Notes") in a private placement to certain institutional buyers. The 2021 Senior Secured Notes are guaranteed by the Company's domestic restricted subsidiaries. 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 2021 Senior Secured Notes was 12.14%, and maturity will be on December 15, 2026, unless repurchased or redeemed earlier.

On April 13, 2023, the Company repurchased approximately \$159.8 million of its 2021 Senior Secured Notes. In connection with the repurchase, the Company recognized a gain on extinguishment of \$15.2 million reflected in the consolidated statements of operations and comprehensive loss. The gain included payment discounts related to consideration below the par value and the write-off of unamortized debt issuance costs and discounts.

After giving effect to the 2023 and other previous open market repurchases, as of December 31, 2024, \$129.7 million of the 2021 Senior Secured Notes remained outstanding and the effective interest rate was 12.09%.

The 2021 Senior Secured Notes contain customary covenants restricting the Company's ability to incur debt, incur liens, make distributions to stockholders, make certain transactions with the Company's affiliates, together with other financial covenants and public filings of our financial statements. We were in compliance with all covenants applicable to the 2021 Senior Secured Notes as of December 31, 2024 and 2023.

Subsequently, on September 30, 2025, we were not in compliance with certain of the covenants (see Note 19, Subsequent Events).

Voluntary prepayments are permitted in whole, or in part, in minimum amounts as set forth in the Indenture Agreement governing the 2021 Senior Secured Notes, with prior notice, and with a prepayment premium of 3.417% on, or during, the twelve-month period that began on December 15, 2024. Voluntary prepayments made on, or during, the twelve-month period beginning December 15, 2025 are not subject to a prepayment premium.

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Debt issuance costs incurred in connection with the 2021 Senior Secured Notes are capitalized and amortized to interest expense over the five-year term using the straight-line method, which approximates the effective interest method. Debt issuance costs are included as contra-liabilities in long-term debt. The Company determined the fair value of the notes is \$121.6 million as of December 31, 2024 based on secondary market quotes.

Amortization of debt issuance costs and accretion of debt discounts included in interest expense totaled \$1.7 million and \$2.2 million, in the years ended December 31, 2024 or 2023, respectively.

The following table outlines the future principal maturities related to the Company's long-term debt as of December 31, 2024:

	Amount
2025	\$ —
2026	129,671
Total	<u>\$ 129,671</u>

9. Leases

The Company is a party to various non-cancelable operating lease agreements for certain of its offices. The Company is a party to various non-cancelable finance lease agreements for certain network equipment. The leases have original lease periods expiring between 2025 to 2030. Some leases include one or more options to renew. The Company does not assume renewals in its determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement. The lease agreements generally do not contain any material residual value guarantees or material restrictive covenants.

The Company has elected the short-term lease recognition exemption for all leases that qualify. For leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise, the Company does not recognize ROU assets or lease liabilities. Instead, lease payments for short-term leases are recognized as expense on a straight-line basis over the lease term. Short-term lease costs for the years ended December 31, 2024 and 2023 were \$0.2 million and \$0.3 million, respectively, and are included in general and administrative expenses in the consolidated statements of operations and comprehensive loss.

The components of lease costs, lease term and the discount rate were as follows for the years ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
Finance leases		
Amortization of assets under finance leases	\$ —	\$ —
Interest	97	230
Total finance lease costs	\$ 97	\$ 230
Operating lease cost	\$ 1,344	\$ 1,968
Variable lease cost	\$ 572	\$ 580
Short-term lease rent expense	\$ 2,052	\$ 1,157
Weighted-average remaining lease term		
Operating leases	5.2	6.2
Finance leases	0.6	1.5

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	Year Ended December 31,	
	2024	2023
Weighted-average discount rate		
Operating leases	11.2 %	11.5 %
Finance leases	10.9 %	11.2 %

The following table outlines future minimum lease payments under the Company's non-cancellable leases as of December 31, 2024:

	Operating Leases	Finance Leases
2025	\$ 2,715	\$ 482
2026	2,726	—
2027	2,666	—
2028	2,746	—
2029	2,828	—
Thereafter	967	—
Total undiscounted cash flows	14,648	482
Less: Imputed interest	(3,766)	(18)
Present value of lease liabilities	<u>\$ 10,882</u>	<u>\$ 464</u>
Lease liabilities, current	1,544	464
Lease liabilities, non-current	9,338	—
Present value of lease liabilities	<u>\$ 10,882</u>	<u>\$ 464</u>

As of December 31, 2024, the Company does not have any operating and/or finance leases, which have not yet commenced. For the year ended December 31, 2022, the Company recorded a full impairment of its ROU asset, resulting in an impairment charge of \$11.5 million. Subsequent to the year ended December 31, 2024, the Company settled the obligation for the lease (see Note 19, Subsequent Events).

Supplemental cash flow information related to leases for the year ended December 31, 2024 is as follows:

	Year Ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Payments for operating leases included in cash from operating activities	\$ 462	\$ 3,619
Payments for finance leases included in cash from operating activities	\$ 97	\$ 230
Payments for finance leases included in cash from financing activities	\$ 869	\$ 1,096
Assets obtained in exchange for lease obligations:		
Operating leases	\$ —	\$ —
Finance leases	\$ —	\$ —

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10. 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 December 31, 2024. 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. The Company records legal fee expenses associated with such matters when the relevant services are provided.

Former Employee

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 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 to accept a reduced verdict in the amount of \$4.4 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 the \$4.4 million final judgment) and 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. On April 8, 2024, the Court of Appeals issued its decision, affirming the judgment of \$4.4 million, with an additional \$2.3 million for a total award of \$6.7 million. The Court of Appeals also affirmed the dismissal of the wrongful termination and retaliation claims, holding that stock options are not wages. The Court of Appeal's decision became final, non-appealable and enforceable on May 20, 2024.

On October 11, 2024, the Court issued preliminary legal rulings on post-judgment interest and ordered parties to meet and confer to determine whether an agreement could be reached. The Company and former employee agreed that post-judgment interest of \$733 thousand was owed, but the Company objected to any additional amounts as requested by the former employee. On November 21, 2024, the Court adopted the amount of interest owed and denied additional amounts of post-judgment interest that the former employee claimed. On December 9, 2024, the former employee filed a Notice of Appeal challenging the Court's denial of a substantial amount of post-judgment interest in excess of \$733 thousand. On January 8, 2025, the former employee filed an Abandonment of Appeal, thereby terminating the appeal. The Company considers this matter resolved.

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Vendor Disputes

Between November 2022 and March 2023, the Company and a vendor entered into several agreements in which the vendor would perform defined professional services. Of the \$7.2 million in invoices from the vendor, the Company paid \$3.2 million and claimed that the vendor expanded the scope of work without authorization, over billed for its services, performed poorly and unilaterally refused to perform certain agreed upon deliverables. The vendor, in turn, claimed it received proper authorization for the work it performed, completed its contracted-for tasks and that the Company breached the agreements and failed to pay outstanding invoices. The vendor sought \$4.0 million in damages, plus interest, attorney fees and costs of litigation. The Company sought counterclaims from the vendors for breach of contract, breach of implied covenant of good faith and fair dealing, and fraudulent inducement and sought approximately \$15 million in damages, plus interest, attorney fees and costs of litigation. In March 2025, the vendor and the Company settled the dispute. In exchange for mutual releases of all claims, the Company paid the vendor \$2.75 million (see Note 19, Subsequent Events).

In April 2022, the Company and a vendor entered an agreement to license certain rights to develop vendor branded mobile games. In consideration, the Company agreed to pay the vendor certain monetary amounts over three years and the vendor, in turn, would use good faith efforts to promote the games. In December 2024, the vendor filed a complaint in Nevada seeking damages of \$1.3 million for breach of contract, failure to pay royalties and unjust enrichment. In April 2025, the Company and the vendor agreed to mediate the matter that resulted in a settlement where the Company agreed to pay the vendor \$533 thousand, which represented the past due balances for year one and year two of the agreement that were fully accrued as of December 31, 2024 (see Note 19, Subsequent Events).

Termination of Operating Lease

In May 2019, the Company leased its former headquarters with a landlord, (the “Landlord”). From February 2024 to April 2025, the Landlord served demand letters and notices of default on the Company asserting that the Company failed to pay the lease obligations. In April 2025, the Company and the Landlord executed a settlement dismissing with prejudice the dispute and fully resolving the matter. In exchange for the mutual releases, the Company paid the Landlord a lump sum payment of \$14.0 million. The Company recorded a loss on termination of the operating lease of \$0.4 million representing the difference between the settlement amount and the carrying value of the lease obligation, which was recorded as a component of other income (expense), net in the statement of operations for the year ended December 31, 2024 (see Note 19, Subsequent Events).

Skillz v. AviaGames

On February 9, 2024, a federal jury in San Jose, California issued a verdict in favor of Skillz in a patent infringement action Skillz brought against a privately-held mobile gaming company, AviaGames, on April 5, 2021 (“Patent Case”). The jury found in favor of Skillz on all issues, determining AviaGames willfully infringed Skillz’s U.S. Patent No. 9,649,564, entitled “Peer-to-Peer Wagering Platform” (the “564 patent”) and awarding Plaintiff Skillz Platform Inc. (“Skillz”) its full damages request of \$42.9 million. After the jury verdict issued, Skillz requested certain post-trial relief, including that the Court permanently enjoin AviaGames from continuing to infringe the ‘564 patent, award Skillz its attorneys’ fees due to the exceptional nature of the case, and treble the damages awarded by the jury. In addition, Skillz, along with game developer Big Run Studios, Inc. (“Big Run”), brought a separate case against AviaGames for false advertising, copyright infringement, and violations of California’s state unfair competition law in federal court in San Francisco, California (“Unfair Competition Case”). On April 13, 2024, Skillz, Big Run, and AviaGames entered into a settlement agreement with respect to both the Patent Case and Unfair Competition Case pending against AviaGames (the “Litigation Settlement”). In exchange for dismissal of both actions and other settlement terms, AviaGames agreed to pay Skillz and Big Run a total of \$80.0 million. On April 12, 2024, the Company and Big Run Studio entered into a Side Letter Agreement providing that a portion of the AviaGames settlement funds allocated to Big Run Studio be utilized to repay the outstanding principal and accrued interest under the Loan and Security Agreement totaling \$2.0 million (see Note 5, Balance Sheet Components).

During the year ended December 31, 2024, the Company and Big Run collectively received \$50.0 million from AviaGames pursuant to the settlement agreement. Of the \$50.0 million received, Skillz received \$48.0 million, \$2.0 million of which was for settlement of the amount outstanding under the Loan and Security Agreement with Big Run. Of the \$4.0 million allocated to Big Run under the Side Letter Agreement, Big Run received \$2.0 million net of the settlement of the Loan and Security

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Agreement. Beginning in March of 2025, AviaGames is required to pay Skillz an additional \$7.5 million annually over a four-year period as royalty payments for AviaGames' license of the '564 patent and its patent family; no portion of these payments are due to Big Run.

During the year ended December 31, 2024, the Company recorded a gain from the Litigation Settlement netting to \$46.0 million consisting of the gross payment of \$48.0 million less the \$2.0 million received for satisfaction and settlement of the Loan and Security Agreement. The Company recorded the \$7.5 million payment received in March 2025 and will record the \$7.5 million payments to be received in March 2026, 2027 and 2028 as a gain upon receipt of each payment.

Skillz v. Tether Litigation

On August 29, 2025, the Company received a notice ("Notice") from Tether indicating that Tether is terminating all of its various agreements, as amended, with the Company (the "Tether Agreements"), including the Company's Developer Terms and Conditions of Service, as amended, effective as of September 1, 2025. The Company believes the termination notice to be invalid and in breach of Tether's obligations under the Tether Agreements.

Following receipt of the Notice, on September 1, 2025, the Company filed suit in the Court of Chancery of the State of Delaware, seeking injunctive and declaratory relief in relation to Tether's breach of the Tether Agreements. On October 3, 2025, the Company filed a first amended complaint in the Court of Chancery of the State of Delaware alleging additional breaches of contract.

Hanna v. Paradise, et. al.

In March 2024, an alleged stockholder filed a putative derivative complaint, *Hanna v. Paradise, et al.*, No. 2024-0228-KSJM, in the Delaware Court of Chancery, purportedly on behalf of Skillz Inc. ("Skillz") against certain of Skillz's current and former officers, directors, and certain stockholders. The complaint alleges breaches of fiduciary duties, aiding and abetting breaches of fiduciary duties, and unjust enrichment arising out of Skillz's March 2021 underwritten secondary public offering. The complaint asserts that certain of the director and officer defendants breached fiduciary duties to Skillz by allegedly inappropriately selling stock as part of the public offering while in possession of material, non-public information, that the stockholder defendants aided and abetted these alleged breaches of fiduciary duties, and that all defendants were unjustly enriched by their sales in the public offering. The complaint seeks unspecified damages and restitution for Skillz from the defendants and the payment of costs and attorneys' fees. Defendants moved to dismiss the complaint on June 6, 2024. Plaintiffs responded by voluntarily dismissing 55 of the stockholder defendants but opposing the motion as to all remaining defendants. Briefing on the motion to dismiss was completed at the end of August 2024. The Court heard oral arguments on the motion to dismiss on January 7, 2025. On July 3, 2025, the Court issued a ruling converting defendants' motion to dismiss on demand futility grounds to a motion for summary judgment and ordered limited discovery on the independence of a former Skillz director. The Court stayed consideration of defendants' other dismissal arguments given its ultimate ruling on the demand futility issue could moot these other dismissal arguments. Further briefing in support of summary judgment on demand futility grounds is expected, but no schedule is currently in place for such briefing.

Skillz vs. Voodoo SAS et. al.

On July 1, 2024, Skillz filed suit against Voodoo SAS and two affiliate entities, Esport Newco SAS and Esport Newco US Corp. (collectively, "Voodoo") in the United States District Court for the Southern District of New York. In its Complaint, Skillz asserts violations of the Lanham Act's prohibition of false advertising and New York's General Business Law § 349 based on, inter alia, Skillz's allegations that Voodoo advertises its mobile games offered through the "Blitz Win Cash" application as "fair," "skill-based," and for "real players only" when in reality Voodoo is fixing the outcome of its tournaments through the use of computer algorithms or "bots." On August 22, 2024, Skillz brought a motion for a preliminary injunction, and on September 18, 2024, Voodoo moved to dismiss the complaint or, in the alternative, to strike certain allegations. Skillz's and Voodoo's motions were both mooted when Skillz amended its complaint on October 2, 2024. On October 8, 2024, Skillz renewed its motion for a preliminary injunction and expedited discovery based on the amended complaint, and Voodoo moved to dismiss the amended complaint on October 16, 2024. The preliminary injunction motion and motion to dismiss are both fully briefed and awaiting decisions by the court.

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Skillz vs. Papaya Gaming, Ltd., et al.

In March 2024, Skillz sued Papaya Gaming, Ltd. and Papaya Gaming, Inc. (collectively, “Papaya”) in the United States District Court for the Southern District of New York alleging false advertising under the Lanham Act and unfair business practices in connection with Papaya’s marketing of its mobile games as “fair” and “skill-based” despite Papaya’s deployment of algorithmic competitors (“bots”) in its games that win cash prizes for Papaya’s benefit. In June 2024, the Court denied Papaya’s motion to dismiss Skillz’s complaint in its entirety. In September 2024, Papaya filed amended counterclaims against Skillz alleging that Skillz also engaged in false advertising and unfair business practices for purportedly allowing bots in games on Skillz’s platform, defamation for Skillz’s alleged involvement in a non-profit organization that collected and published data related to customer complaints to state attorney generals related to Papaya’s and other companies’ alleged fraudulent bot use, and purported trademark and copyright infringement of design elements of certain games, among other things. In March 2025, the Court dismissed Papaya’s defamation counterclaims and severed Papaya’s intellectual property claims. Following the Court’s rulings, Papaya voluntarily dismissed its intellectual claims against Skillz. The parties have completed discovery and have submitted to the Court summary judgment filings and motions to exclude various experts. The parties are awaiting the Court’s rulings.

Lien, et al. v. Eagle Equity Partners II, LLC, et al.

On October 31, 2022, a class action was filed, Darcy Lien v. Eagle Equity Partners II, LLC, et al., Case No. 2022-0972-PAF, in the Delaware Court of Chancery against Eagle Equity Partners II, LLC and certain of the former officers and directors (the “Individual D&O Defendants”) of Flying Eagle Acquisition Corp. (“Flying Eagle”). This litigation does not name Skillz or any of Skillz’s current directors in their capacity as such. Plaintiffs allege that the Individual D&O Defendants (i) failed to exercise proper due diligence and process in connection with Flying Eagle’s transaction with Skillz and (ii) made misleading statements in Form S-4 filed with the U.S. Securities & Exchange Commission in connection with the transaction. Defendants filed their initial motion to dismiss on February 17, 2023. Plaintiffs then filed an amended complaint on April 12, 2023. Defendant’s motion to dismiss the amended complaint was filed on June 2, 2023. Plaintiff’s opposition was filed July 17, 2023, and defendant’s reply was filed August 21, 2023. Oral argument was held on the motion to dismiss on January 5, 2024, and on May 29, 2024 the court denied Defendants’ motion to dismiss. In November 2024, Skillz filed suit against its insurance carrier for D&O insurance coverage and on January 17, 2025, the insurance carrier agreed to pay a total of \$9,750,000 to the Company in connection with this matter’s settlement agreement. Following certain discovery, on March 27, 2025, the parties executed a term sheet to settle the action in principle for \$10 million, subject to completing settlement documentation and obtaining court approval. On May 19, 2025, the parties executed a settlement stipulation, subject to Court approval. As the successor to Flying Eagle, Skillz is obligated to indemnify and pay legal costs of the Individual D&O Defendants of Flying Eagle in their capacities as such in connection with this action and, as such recorded an expense of \$10 million, offset by the insurance proceeds of \$9.75 million, which is reflected in general and administrative expenses for the year ended December 31, 2024 (see Note 19, Subsequent Events).

Indirect Taxes

The Company is subject to indirect taxes, including sales and use tax in the United States and value-add tax in certain foreign jurisdictions. The Company has indirect tax liabilities totaling \$14.9 million and \$11.2 million as of December 31, 2024 and 2023, respectively, associated with indirect taxes based on currently available information and assumptions that the Company believes are reasonable based on an evaluation of relevant factors. Indirect tax liabilities are adjusted considering changing facts and circumstances, such as the closing of a tax examination, further interpretation of existing tax law, or new tax law. We recognize changes to our estimate if it is estimable and probable that our position would not be sustainable upon examination by taxing authorities. Although management believes our recorded liabilities are reasonable, no assurance can be given that the final tax outcomes of these matters will not be different from that which our liabilities are based on. The Company’s application of the revenue code for indirect taxes in certain jurisdictions, including those within the United States, may be challenged by taxing authorities in those jurisdictions. The Company is in the process of filing self-disclosure returns in unregistered jurisdictions. Any associated assessments may result in additional tax liabilities. The Company does not currently anticipate that any such assessments will result in a material increase in the liabilities (see Note 2, Summary of Significant Accounting Policies).

The Company is currently undergoing an examination in the State of Washington regarding its indirect tax liability.

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11. Retirement Plans

401(k) Plan

The Company has a 401(k) Plan that qualifies as a deferred salary arrangement under Section 401 of the Internal Revenue Code. Under the 401(k) Plan, participating employees may defer a portion of their pretax earnings and receive a matching employer contribution of up to 3% of compensation not to exceed the maximum amount allowable. For both of the years ended December 31, 2024 and 2023, the Company recognized an expense under this plan of \$0.4 million.

12. Common Stock Warrants

As of December 31, 2024 and 2023, the Company had 226,786 Private Warrants outstanding. During the year ended December 31, 2024, there were no Private Warrants exercised.

As part of the closing of FEAC's initial public offering, FEAC completed the private sale of 501,667 warrants to FEAC's sponsor at a purchase price of \$30.00 per warrant (the "Private Warrants"). In connection with the FEAC Business Combination, FEAC's sponsor agreed to forfeit 250,833 Private Warrants. Each Private Warrant allows the sponsor to purchase one share of Class A common stock at \$230.00 per share.

Private Warrants and the shares of Class A common stock issuable upon exercise of the Private Warrants are not transferable, assignable or sellable until 30 days after the completion of the FEAC business combination, subject to certain limited exceptions. Additionally, the Private Warrants are not non-redeemable so long as they are held by the initial purchasers or such purchasers' permitted transferees. If the Private Warrants are held by someone other than their initial purchasers or their permitted transferees, the Private Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

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13. 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. The payment of dividends is restricted under the terms of the Company's 2021 Senior Secured Notes. 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 December 31, 2024 and December 31, 2023, the Company has authorized a total of 41.3 million shares, consisting of (i) 31.3 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"), 6.3 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").

Share Repurchase Program

On August 18, 2023, the Board authorized a share repurchase program (the "Share Repurchase Program") pursuant to which the Company may repurchase, at any time or from time to time, but for a period no longer than one year from the date of authorization, shares of the Company's Class A common stock up to an aggregate purchase price of \$65.0 million. Such purchases may be made on the New York Stock Exchange or any other national securities exchange on which the common stock is then traded. The Share Repurchase Plan is pursuant to a plan pursuant to Rule 10b5-1 promulgated under the Exchange Act and/or pursuant to accelerated share repurchase arrangements, tender offers, privately negotiated transactions or otherwise. On December 5, 2024, the Board reapproved the Share Repurchase Program and extended the expiration date until otherwise suspended, terminated or modified at any time for any reason by the Board.

For the years ended December 31, 2024 and 2023, the Company repurchased 3.1 million and 2.3 million shares, respectively under the Share Repurchase Program at a weighted average price of \$6.24 and \$5.62 per share, respectively, for an aggregate value of \$32.3 million. Included in the 3.1 million shares purchased in the year ended December 31, 2024, is a total of 979,848 shares the Company purchased in a private transaction from two shareholders, deemed to be related parties to the Company, at \$7.00 per share, a 35% premium to the Company's share price at the time of the transaction.

14. Stock-Based Compensation

The following table summarizes stock-based compensation expense recognized for the years ended December 31, 2024 and 2023, as follows:

	December 31,	
	2024	2023
Cost of revenue	\$ 10	\$ —
Research and development	841	4,010
Sales and marketing	6,467	8,481
General and administrative	22,697	31,201
Total stock-based compensation expense	<u>\$ 30,015</u>	<u>\$ 43,692</u>

In the years ended December 31, 2024 and 2023, \$72 thousand and no amount of stock-based compensation expense was capitalized as internally developed software and included in property and equipment, net.

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Equity Incentive Plans

Skillz Inc. 2020 Omnibus Incentive Plan

In December 2020, the Board adopted the Skillz Inc. 2020 Omnibus Incentive Plan (the “2020 Plan”). The 2020 Plan became effective upon consummation of the 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 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 company-performance or market-performance 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.

As of December 31, 2024, the 2020 Plan permitted the Company to deliver up to 6,465,771 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, 4,597,406 shares of Class A common stock and 1,118,365 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 (“RSUs”)

The following represents the activities for stock options and RSUs during the year ended December 31, 2024 (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, 2023	2,152,407	701,833	\$ 303.73	6.95	\$ 91	2,497,773	\$ 14.93
Additional shares authorized	1,074,898	—	—				
Granted	(662,088)	—	—			662,088	5.86
Exercised/Vested	—	(1,787)	1.28			(647,873)	18.04
Cancelled/Forfeited/Expired	760,358	(18,317)	9.07			(742,041)	13.78
Balance at December 31, 2024	<u>3,325,575</u>	<u>681,729</u>	\$ 312.44	5.96	\$ 30	<u>1,769,947</u>	\$ 10.52
Exercisable at December 31, 2024		81,729	\$ 10.30	4.01	\$ 30		
Unvested at December 31, 2024		600,000	\$ 353.60	5.96	\$ —		

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The number of RSUs granted and outstanding does not include 0.7 million of performance based RSUs the Company issued as of December 31, 2023 as these awards are not deemed granted for accounting purposes as they are subject to the Company achieving performance targets that were not met. The performance targets in 2024 were based on Net Gaming Revenue (“NGR” or GMV less prizes and other incentives paid to players) and Adjusted EBITDA. For 2023, the targets were based on Revenue After Engagement Marketing, and Adjusted EBITDA Margin. Additionally, the activity related to stock options and RSUs presented in the table above does not include the 2022 CFO RSUs and performance awards, the 2022 CEO RSUs and performance awards, and the 2021 CEO performance award, described below.

Equity award shares exercised/vested as presented in the above table are net of shares withheld to cover tax obligations on stock-based compensation.

As of December 31, 2024, unrecognized stock-based compensation expense related to unvested stock options, RSUs and performance-based RSUs was \$26.2 million. Restricted stock generally vests over periods of one to eight years. The weighted-average period over which such compensation expense will be recognized is 1.82 years.

The aggregate intrinsic value of options exercised was \$9.6 thousand and \$0.8 million during the years ended December 31, 2024 and 2023, respectively.

No options were granted during the years ended December 31, 2024 and 2023.

2022 Former CFO Restricted Stock Unit and Performance Award

The Company granted the Company’s former President and Chief Financial Officer (“Former 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. These grants vest 25% on the first anniversary of the Former CFO’s start date and the remainder vest 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 Former 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.

In addition, the Company issued to the Former 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 years ended December 31, 2024 and 2023 as the performance goals were not achieved.

On January 5, 2024, the Former CFO informed the Company of his decision to step down from his position. The grants under the 2022 CFO RSUs and performance award were forfeited in 2024.

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 fair value equal to \$25.9 million, comprised of 1.4 million restricted stock units. The grant was comprised of 25% time-based RSUs and 75% performance based RSUs. 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, and with respect to performance-based RSUs, the satisfaction of the applicable performance metrics, provided that the grant vests in full if the CEO is terminated without cause following a change of control of the Company. During the year ended December 31, 2024, the Company recognized \$3.7 million in compensation expense related to this grant. As of December 31, 2024, the unrecognized stock-based compensation cost related to the non-vested CEO restricted stock unit award was \$6.9 million. The Company expects this cost to be recognized over a remaining weighted-average period of approximately 2.62 years.

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The reduction in additional paid-in capital of \$1.4 million from the issuance of common stock upon exercise of stock options and release of RSUs in 2024 was associated with shares withheld to cover tax obligations on stock-based compensation related to this award in 2024.

Employee Stock Purchase Plan

In June 2021, the Company commenced its first offering period under the Skillz Inc. Employee Stock Purchase Plan (the Employee Stock Purchase Plan), which assists employees in acquiring a stock ownership interest in the Company and encourages them to remain in the employment of the Company. The Employee Stock Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code. The Employee Stock Purchase Plan permits eligible employees to purchase common stock at a discount through payroll deductions during specified offering periods. No employee may purchase more than \$25 thousand worth of stock in any calendar year. The price of shares purchased under the Employee Stock Purchase Plan is equal to 85% of the fair market value of the common stock on the first or last day of the offering period, whichever is lower. The total Employee Stock Purchase plan expense for the years ended December 31, 2024 and 2023 was immaterial.

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 them 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 year ended December 31, 2024, the Company recognized \$19.5 million in compensation expense related to these grants. As of December 31, 2024, the unrecognized stock-based compensation cost related to the Option Agreements was \$14.8 million, which is expected to be recognized over the remaining weighted-average vesting period of 0.87 years.

15. Income Taxes

The Company has historically generated net operating losses in each of the tax jurisdictions in which it operates and has provided a valuation allowance against net deferred tax assets due to uncertainties regarding the Company's ability to realize these assets.

The loss before income taxes for the years ended December 31, 2024 and 2023 consisted of the following:

	Year Ended December 31,	
	2024	2023
U.S.	\$ (46,711)	\$ (101,393)
Non-U.S.	(13)	272
Total	<u>\$ (46,724)</u>	<u>\$ (101,121)</u>

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The provision for income taxes consists of the following:

	Year Ended December 31,	
	2024	2023
Current:		
U.S. Federal	\$ (41)	\$ (18)
U.S. State	50	145
Non-U.S. Foreign	57	112
Total Current	66	239
Deferred:		
U.S. Federal	—	—
U.S. State	—	—
Total Deferred	—	—
Provision for income taxes	\$ 66	\$ 239

A reconciliation of the Company's effective tax rate to the statutory U.S. Federal rate of 21% is as follows:

	Year Ended December 31,	
	2024	2023
U.S. Federal provision (benefit)		
At statutory rate	21.0 %	21.0 %
State taxes	(0.1)%	(0.1)%
Valuation allowance	(7.8)%	(12.2)%
Stock-based compensation	(12.7)%	(8.8)%
Permanent differences related to fair value adjustments	(0.5)%	(0.3)%
Other permanent differences	— %	0.1 %
Total	(0.1)%	(0.2)%

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Deferred Tax Assets and Liabilities

Deferred income taxes reflect the net tax effects of loss and credit carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities for federal and state income taxes are as follows:

	Year Ended December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	\$ 151,015	\$ 147,279
Stock-based compensation	952	1,003
Reserves and accruals	5,394	4,468
Property and equipment	604	803
Lease liabilities	2,542	2,829
Capitalized R&D	12,961	12,755
Sec. 163(j) interest carryforwards	6,445	6,520
Other	36	37
Total deferred tax assets	\$ 179,949	\$ 175,694
Less: valuation allowance	(179,877)	(175,694)
Deferred tax assets, net of valuation allowance	\$ 72	\$ —
Deferred tax liabilities:		
Right-of-use assets	(72)	—
Total deferred tax liabilities	(72)	—
Net deferred tax assets (liabilities)	\$ —	\$ —

A valuation allowance is required to be established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain. A full review of all positive and negative evidence needs to be considered. As of December 31, 2024 and 2023, the Company has provided a full valuation allowance on its net deferred tax assets. The change in total valuation allowance from 2023 to 2024 was an increase of \$4.2 million.

The Company had net operating loss carryforwards for U.S. Federal and state income tax purposes of approximately \$626.6 million and \$236.8 million, respectively, as of December 31, 2024. The U.S. Federal and state net operating loss carryforwards, if not utilized, will expire beginning in 2033 and 2032, respectively. \$590.2 million of the U.S. Federal net operating loss carryforwards are not subject to expiration. Utilization of some of the U.S. Federal and state net operating loss and credit carryforwards may be subject to annual limitations due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitations may result in the expiration of net operating losses and credits before utilization. The Company has performed a Section 382 study as of December 31, 2024 and does not expect any net operating losses to expire unused due to Section 382 limitations.

The Company files tax returns in the U.S. and various local, state and foreign jurisdictions. The Company is not currently under examination in any of these jurisdictions and all its tax years remain open to examination due to net operating loss carryforwards. The Company does not have any material reserves for uncertain tax positions.

16. Related-Party Transactions

On December 10, 2024, the Company entered into Share Repurchase Agreements (the "Share Repurchase Agreements") with Wildcat Capital Management, LLC and Wildcat Partner Holdings, LP (the "Wildcat Parties"). Prior to the transaction, the Wildcat Parties owned more than 6% of our Class A Common Stock in the aggregate. Pursuant to the Share Repurchase Agreements, the Company agreed to repurchase 961,532 shares of its Class A Common Stock from Wildcat Partner Holdings, LP at a price of \$7.00 per share, for a total purchase price of \$6.7 million, and 18,316 shares of its Class A Common Stock from Wildcat Capital Management, LLC at a price of \$7.00 per share, for a total purchase price of \$0.1 million (collectively, the

SKILLZ INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

“Share Repurchase Transactions”), which in the aggregate comprised all of the shares of Class A Common Stock beneficially owned by the Wildcat Parties. The Share Repurchase Agreements contain customary representations and warranties, and closed on December 10, 2024.

At a repurchase price of \$7.00 per share, the shares of Class A Common Stock were repurchased at a 35% premium to the Company’s share price at the time of the transaction. The Company recorded the purchase price of the Share Repurchase Transactions as treasury stock.

In December 2024, in light of interest shown by certain institutional shareholders to sell their shares back to the Company, including the Wildcat Parties, the Board formed a special transactions committee comprised solely of independent directors (the “Special Transactions Committee”). The Special Transactions Committee was charged with evaluating and approving any share repurchases from such institutional investors.

Aside from Share Repurchase Transactions and the Executive grants discussed in Note 14, Stock-Based Compensation, the Company did not have any other significant related party transactions during the years ended December 31, 2024 and 2023.

17. Segment Reporting

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision-making group (the “CODM”). Our CODM consists of the Chief Executive Officer who allocates resources and measures profitability based on our operating segments, which are managed and reviewed separately, as each represents products and services that can be sold separately to our customers. The CODM does not review information regarding total assets on a reportable segment basis.

A description of the Company’s two reportable segments, as determined by our CODM, is as follows:

- **Skillz:** Skillz is a leading eSports gaming platform. Its platform enables game developers to monetize their content through multi-player competition. By utilizing Skillz’ monetization services, developers can enhance their end-user experiences by enabling them to compete in head-to-head matches, live tournaments, and leagues while also increasing player retention through referral bonus programs, loyalty perks, on-system achievements, and rewards / prizes. Skillz provides its monetization services to developers via a downloadable SDK. The SDK integrates with developers’ existing games. Monetization services include end-user registration, player matching, fraud & fair play monitoring, and settlement for player billings and payouts. Skillz is headquartered in Las Vegas, NV with an office in Bangalore, India and presence in San Francisco, CA.
- **Aarki:** Aarki is an AI company that delivers advertising solutions to drive revenue growth for mobile app developers. Aarki enables brands to effectively engage audiences in a privacy-first world by using billions of contextual bidding signals coupled with proprietary machine learning and behavioral models. Aarki works with hundreds of advertisers globally and manages millions of mobile ad requests per second from over 10 billion devices. Aarki is headquartered in San Francisco, CA, with offices in Europe, the Middle East and Asia. In connection with the spin-off of Aarki in the third quarter of 2023 (see Note 3, Spin-Off Transaction), an Aarki Board of Directors was established on August 31, 2023. Two of the three Aarki Board seats are held by the Company’s Chief Executive Officer and an independent member of the Board of the Company. The Company’s CODM received discrete Aarki financial information on a regular basis for purposes of evaluating its operating performance and allocating resources beginning in the fourth quarter of 2023. Effective in the fourth quarter 2023, Aarki met the definition of an operating segment as defined in ASC 280, Segment Reporting (“ASC 280”)

The Company’s corporate operations primarily support Skillz and are included in the results for the Skillz segment. Likewise, Aarki largely has its own corporate operations, which are included in the Aarki segment.

For the Skillz Segment, end user engagement marketing represents the cost of incentives provided to end users such as Bonus Cash and Ticketz. Paid acquisition spend represents amounts paid to third parties to promote the Skillz platform. Headcount expenses include salaries, bonuses, contractors, travel, and burden such as employer taxes, benefits and insurance. Consulting fees represent expenses paid for professional fees. Vendor/Software expenses represent fees paid for the Company’s annual audit and tax advisors, software and server costs and third party technical support. Legal fees (non-litigation) represents

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

legal expenses that relate to contract negotiations, securities law, compliance and lawsuits that do not relate to the Company's lawsuits against AviaGames, Papaya (see Note 10. Commitments and Contingencies) and a third competitor. Litigation expenses include legal expenses incurred where the Company is pursuing damages against AviaGames and Papaya (see Note 10. Commitments and Contingencies) and a third competitor for unfair business practices and their use of 'bots'. Office and operations expenses represent rent and building maintenance. Other segment items include marketing expenses which, in turn, consists mostly affiliate marketing, state and corporate fees, fines and penalties and trade shows.

For the Aarki Segment, operating expenses include all operating expenses such as headcount, marketing, software, professional fees such as legal, audit and tax compliance and rent.

For both the Skillz and Aarki segments, stock-based compensation expenses are not included in operating expenses.

The following tables provide summarized information about the Company's operations by reportable segment and a reconciliation of Segment Adjusted EBITDA to Net Loss for the years ended December 31, 2024 and 2023.

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Revenue		
Skillz Segment	\$ 82,442	\$ 139,210
Aarki Segment	10,876	13,233
Eliminations	(453)	(364)
Total Revenue	<u>\$ 92,865</u>	<u>\$ 152,079</u>
Segment Adjusted EBITDA		
Skillz Segment	\$ (53,205)	\$ (64,998)
Aarki Segment	(7,618)	(3,830)
Total Segment Adjusted EBITDA	<u>\$ (60,823)</u>	<u>\$ (68,828)</u>
Items to reconcile Segment Adjusted EBITDA to Net Loss:		
Interest income (expense), net	\$ 298	\$ (2,852)
Stock-based compensation	(30,015)	(43,692)
Change in fair value of common stock warrant liabilities	11	278
Provision for income taxes	(66)	(239)
Depreciation and amortization	(1,665)	(1,961)
Gain on extinguishment of debt	—	15,205
Other (expense) income, net	(530)	540
Impairment of goodwill and long-lived assets ⁽¹⁾	—	(3,335)
Loss contingency accrual ⁽²⁾	—	3,524
Gain on litigation settlement ⁽³⁾	46,000	—
Net Loss	<u>\$ (46,790)</u>	<u>\$ (101,360)</u>

(1) Includes impairment of goodwill and long-lived assets related to one of the Company's investments in non-marketable securities of a privately held company on account of significant concerns related to the private company's ability to continue as a going concern.

(2) Amount represents the settlement of a litigation matter relating to a former employee as discussed in Note 10, Commitments and Contingencies.

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

- (3) Amount represents a gain on a legal settlement recorded in connection with proceeds under terms of a settlement agreement entered into with Avia Games in connection with certain bot misuse litigation as discussed in Note 10, Commitments and Contingencies.

The following tables provide summarized information about the Company's operations used by the CODM by reportable segment for the years ended December 31, 2024 and 2023, respectively.

	For the Year Ended December 31, 2024	
	Skillz Segment	Aarki Segment
Revenue	\$ 82,442	\$ 10,876
Less:		
Cost of Revenue	9,522	3,883
End User Engagement Marketing	37,164	
Paid Acquisition Spend	15,891	
Headcount expenses	26,709	
Consulting fees	4,194	
Vendor/Software Expenses	12,852	
Legal fees (non-litigation)	6,836	
Litigation expenses	13,087	
Office and operations expenses	5,659	
Aarki operating expenses		14,611
Other segment items	3,733	
Segment Adjusted EBITDA	<u><u>\$ (53,205)</u></u>	<u><u>\$ (7,618)</u></u>

	For the Year Ended December 31, 2023	
	Skillz Segment	Aarki Segment
Revenue	\$ 139,210	\$ 13,233
Less:		
Cost of Revenue	12,061	3,318
End User Engagement Marketing	64,936	
Paid Acquisition Spend	25,554	
Headcount expenses	38,634	
Consulting fees	11,624	
Vendor/Software Expenses	15,394	
Legal fees (non-litigation)	7,649	
Litigation expenses	7,931	
Office and operations expenses	10,061	
Aarki operating expenses		13,745
Other segment items	10,364	
Segment Adjusted EBITDA	<u><u>\$ (64,998)</u></u>	<u><u>\$ (3,830)</u></u>

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

Transactions Between Segments

Intercompany revenue was \$0.5 million and \$0.4 million for the years ended December 31, 2024 and 2023, respectively.

Beginning September 1, 2023, Aarki entered into an agreement with Skillz whereby Aarki will reimburse Skillz for shared services on a monthly basis. The amount paid for the years ended December 31, 2024 and 2023 were not material.

Capital Expenditures

Consolidated capital expenditures were \$2.5 million and \$13.2 million in the years ended December 31, 2024 and 2023, respectively. Capital expenditures in 2024 consisted primarily of costs related to internal-use software. Capital expenditures in 2023 consisted primarily of the acquisition of the Company's headquarters by the Skillz segment in the amount of \$11.5 million.

18. 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 as they are entitled to the same liquidation and dividend rights. The effect of potentially dilutive common shares is reflected in diluted loss 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).

	Year Ended December 31,	
	2024	2023
Numerator:		
Net loss - basic and diluted	\$ (46,790)	\$ (101,360)
Denominator:		
Weighted average common shares outstanding – basic and diluted	17,845,771	20,893,085
Net loss per share attributable to common stockholders – basic	\$ (2.62)	\$ (4.85)

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):

Number of Securities Outstanding	Year Ended December 31,	
	2024	2023
Common stock warrants	226,786	226,786
Common stock options	681,729	701,833
Performance stock units	669,339	688,373
Restricted stock units	1,769,947	2,497,773
Total	3,347,801	4,114,765

19. Subsequent Events

Lease in Bangalore, India

On February 3, 2025, the Company entered into a letter of intent to lease space in an office building in Bangalore, India. The lease commenced on August 18, 2025 for a term of 36 months. The lease payment is approximately \$35.7 thousand per month, plus applicable taxes with an annual escalation of 6% per annum.

License Agreement Dispute

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

On April 1, 2022, the Company entered into an agreement with a holder of intellectual property (the “Partner”) pursuant to which the Company would develop and market mobile games with the Partner’s brand and the Partner would use “good faith efforts” to promote the games. In consideration, the Company would pay the Partner minimum royalties totaling \$1.5 million, but not to exceed \$2.0 million, of which \$0.5 million had been accrued as of December 31, 2024. The Company contended that the Partner failed to provide good faith efforts to market and, as a result withheld royalty payments. The Partner contended that the Company was in breach of the agreement due to non-payment of royalty payments. The Partner served the Company a complaint on January 14, 2025. In April 2025, the Partner and the Company agreed to attend mediation on this matter and settled the matter for a payment of \$0.5 million to the Partner in June 2025 (see Note 10, Commitments and Contingencies).

Vendor Disputes

Between November 2022 and March 2023, the Company and a vendor entered into several agreements in which the vendor would perform defined professional services. Of the \$7.2 million in invoices from the vendor, the Company paid \$3.2 million and claimed that the vendor expanded the scope of work without authorization, over billed for its services, performed poorly and unilaterally refused to perform certain agreed upon deliverables. The vendor, in turn, claimed it received proper authorization for the work it performed, completed its contracted-for tasks and that the Company breached the agreements and failed to pay outstanding invoices. The vendor sought \$4.0 million in damages, plus interest, attorney fees and costs of litigation. The Company sought counterclaims from the vendors for breach of contract, breach of implied covenant of good faith and fair dealing, and fraudulent inducement and is sought approximately \$15 million in damages, plus interest, attorney fees and costs of litigation. In March 2025, the vendor and the Company settled the dispute. In exchange for mutual releases of all claims, the Company paid the vendor \$2.75 million (see Note 10, Commitments and Contingencies).

In April 2022, the Company and a vendor entered an agreement to license certain rights to develop vendor branded mobile games. In consideration, the Company agreed to pay the vendor certain monetary amounts over three years and the vendor, in turn, would use good faith efforts to promote the games. In December 2024, the vendor filed a complaint in Nevada seeking damages of \$1.3 million for breach of contract, failure to pay royalties and unjust enrichment. In April 2025, the Company and the vendor agreed to mediate the matter that resulted in a settlement where the Company agreed to pay the vendor \$533 thousand, which represented the past due balances for year one and year two of the agreement that were fully accrued as of December 31, 2024 (see Note 10, Commitments and Contingencies).

Termination of Operating Lease

On April 18, 2025, the Company and the lessor of its former headquarters in San Francisco mutually agreed to terminate the lease. In exchange for the mutual releases, the Company paid the lessor a lump sum payment of \$14,000,000. The loss on termination of the operating lease of \$0.4 million represented the difference between the settlement amount and the carrying value of the lease obligation, and was recorded as a component of other income (expense), net in the statement of operations for the year ended December 31, 2024.

Recovery of Legal Settlement

Subsequent to the year ending December 31, 2024, the D&O insurance carrier of the Flying Eagle legal matter (see Note 10, Commitments and Contingencies) agreed to pay a total of \$9.75 million to Skillz in connection with this matter. Of those funds, \$1.25 million was received in the quarter ending March 31, 2025 and was used to pay defense costs. During the quarter ended June 30, 2025, Skillz received the remaining \$8.50 million. In July 2025, the Company paid a settlement \$10.00 million on the Flying Eagle legal matter which the court approved in September 2025. The Company recorded the insurance recovery proceeds as an offset to general and administrative expenses for the year ended December 31, 2024 (see Note 10, Commitments and Contingencies).

Skillz v. Tether Litigation

On August 29, 2025, the Company received a notice (“Notice”) from Tether indicating that Tether is terminating all of its various agreements with the Company (the “Tether Agreements”), including the Company’s Developer Terms and Conditions of Service, as amended from time to time, including by that certain Amendment to Skillz Online Developer Terms and

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Conditions of Service, dated January 15, 2020, effective as of September 1, 2025. The Company believes the termination notice to be invalid and in breach of Tether's obligations under the Tether Agreements.

Following receipt of the Notice, on September 1, 2025, the Company filed suit in the Court of Chancery of the State of Delaware, seeking injunctive and declaratory relief in relation to Tether's breach of the Tether Agreements. On October 3, 2025, the Company filed a first amended complaint in the Court of Chancery of the State of Delaware alleging additional breaches of contract (see Note 10, Commitments and Contingencies).

Purchase of Treasury Stock

On August 18, 2023, the Board authorized the Company to repurchase, at any time or from time to time but for a period no longer than one year from the date of authorization, 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"). On December 5, 2024, the Board reapproved the Share Repurchase Program and extended the expiration date until otherwise suspended, terminated or modified at any time for any reason by the Board.

Subsequent to December 31, 2024 through November 3, 2025, the Company has repurchased 1.4 million shares of its common stock under the Share Repurchase Program (see Note 13, Stockholders Equity) at an average price of \$5.39 share for a total cost (including commission) of \$7.7 million.

Skillz v. Papaya Litigation

On October 28, 2025, the court denied Papaya's motion for summary judgment as to Skillz's claims against Papaya. The Court also denied Papaya's motion to exclude Skillz's consumer survey and damages experts. The court's rulings on Skillz' motion for summary judgment as to Papaya's counterclaims against Skillz, and Papaya's experts are still pending (see Note 10, Commitments and Contingencies).

New Tax Law

On July 4, 2025, U.S. Congress enacted the One Big Beautiful Bill Act ("OBBBA"), which includes significant provision, including tax cut extensions and modifications to the international tax framework. In accordance with GAAP, the Company will account for the tax effects of changes in tax law in the period of enactment, which is in the quarter ending September 30, 2025. The Company is in the process of analyzing the impacts of the law change, and it currently does not expect the OBBBA to have a material impact on its consolidated financial statements.

Notice of Default

In light of the delays in the filing of the Company's annual financial statements on this Form 10-K and the interim financial statements on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025, on September 30, 2025, the Company received a notice of default (the "Notice of Default") from UMB Bank, N.A., as trustee (the "Trustee") under that certain Indenture, dated as of December 20, 2021, between the Company, each of the guarantors party thereto and the Trustee ("Indenture"), pertaining to the Company's outstanding 2021 Senior Secured Notes. The Notice of Default provided that the Company was not in compliance under the terms of the Indenture as a result of the Company's failure to timely provide the required quarterly and annual reports within the time periods required under the Exchange Act. Pursuant to the terms of the Indenture, the receipt of the Notice of Default will not result in an Event of Default (as such term is defined under the Indenture) unless the Company remains out of compliance with this reporting covenant for 120 days following receipt of the Notice of Default.

Pursuant to the Indenture, the Company will be deemed to regain compliance with these reporting covenants if it provides all applicable delayed filings within 120 days of receipt of the Notice of Default. The filing of this Annual Report on Form 10-K constitutes compliance with a portion of reporting covenant under the Indenture, and the Company is further taking the

SKILLZ INC.

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

necessary steps to file its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2025 and June 30, 2025 as soon as practicable, in order to regain compliance with the terms of the Indenture.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2024. The term “disclosure controls and procedures” means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission’s (“SEC”) rules and forms.

Based on the evaluation of our disclosure controls and procedures, management has concluded that, as of December 31, 2024, our disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting described below. In light of this determination, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, the consolidated financial statements for the periods covered by, and included in, this Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

Management’s Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with GAAP. In light of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate in light of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

The Company’s management, including the Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on the results of this assessment, management concluded that internal control over financial reporting was not effective as of December 31, 2024, due to the existence of material weaknesses described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis.

As previously reported, the following material weaknesses existed as of December 31, 2024:

1. Risk assessment: The Company did not design an effective risk assessment process based on the criteria established in the COSO Framework. As a result, the Company did not appropriately reassess and adequately design and implement controls over financial reporting, including with respect to identification and review of disclosures and monitoring controls, and with respect to providing the appropriate evidence of review of reconciliations, budgets, and key elements of the financial close process.

2. Information technology general controls (“ITGCs”): As of December 31, 2024, ITGCs in the areas of access and program change management 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; and (c) program operations controls. 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.
3. Internal control over financial reporting: As of December 31, 2024, controls related to properly evaluating accounting processes were not adequately designed, implemented or operating effectively including the lack of sufficient documentation or evidence retained to demonstrate management’s review over several financial statement areas, as it relates to the Company’s reconciliations, budgets, and key elements of the financial reporting process. Additionally, there was an inadequate review of complex accounting assumptions, together with a lack of qualified accounting personnel employed during the year.

The material weaknesses described above were identified during management’s assessment and confirmed by our independent registered public accounting firm. These material weaknesses did not result in a material misstatement of the Company’s previously or currently issued financial statements; however, there is a reasonable possibility that a material misstatement to the consolidated financial statements might not be prevented or detected on a timely basis.

Remediation Efforts

Management has been actively engaged in developing and implementing remediation plans to address these material weaknesses as described below.

During fiscal year 2024 and the first three quarters of 2025, management made the following progress on its remediation efforts:

- Made significant investment in hiring more appropriately skilled accounting resources to enhance the financial close process, technical accounting, tax accounting and internal control over financial reporting capabilities, together with engaging qualified consultants, as appropriate.
- Redesigned certain controls in financial reporting processes and implemented additional internal control procedures in our financial reporting processes.
- Trained finance, accounting, operations and engineering personnel, together with other key roles across the organization in the design and execution of internal controls under required standards.

While we have implemented changes to our control environment, we require additional time to complete the implementation of our remediation plans and demonstrate the effectiveness of our efforts. The material weaknesses cannot be considered remediated until the underlying remediated controls operate for sufficient time, and management has concluded, through testing, that these controls are operating effectively.

Management, with oversight from the Audit Committee, will continue to work to remediate the Company’s material weaknesses, and reinforce the overall design and operating effectiveness of our internal control environment. The following has been planned for implementation in management’s ongoing efforts to remediate the identified material weaknesses:

- Management will continue to enhance and standardize policies and procedures across the Company to ensure consistency and performance of internal controls;
- Management will continue to make strategic investments in qualified personnel, external consultants, together with deploying available tools and systems to streamline and automate the execution and documentation of internal controls throughout the Company; and
- Management will continue to engage, educate and train personnel, including external consultants, throughout the Company on the importance of documenting and following internal controls.

Changes in Internal Controls Over Financial Reporting

Other than the changes noted above, there have been no changes in our internal controls over financial reporting during the fiscal quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Attestation of Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Grant Thornton LLP, has expressed an adverse opinion on the effectiveness of our internal control over financial reporting as of December 31, 2024, as stated in their report, which appears in Item 8 of this Annual Report on Form 10-K.

Limitations on Effectiveness of Controls and Procedures

Our management, including our principal executive officer and chief 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. An internal controls 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.

In light 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 as a result 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 due to 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.

Item 9B. Other Information.

During the fiscal quarter ended December 31, 2024, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 9C. Disclosures Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Management

Director Biographical Information

The names of our directors, certain biographical information about our directors, and the experiences, qualifications, attributes or skills that the Nominating Committee considered when recommending the directors for nomination, are set forth below. Ages and positions are as of November 3, 2025.

Name	Age	Position with Skillz Inc.
Andrew Paradise ⁽¹⁾	43	Chief Executive Officer, Co-Founder and Chairman of the Board
Casey Chafkin ^(2,7)	41	Director
Henry Hoffman ^(3,4)	42	Director
Anthony Cabot ⁽²⁾	69	Director
Alexander Mandel ⁽⁵⁾	55	Director
Kent Wakeford ^(3,6)	56	Director

(1) Chair of the Nominating Committee

(2) Member of the Nominating Committee

(3) Member of the Audit Committee

(4) Member of the Compensation Committee

(5) Chair of the Audit Committee

(6) Chair of the Compensation Committee

(7) Mr. Chafkin resigned as Chief Strategy Officer of the Company effective August 23, 2024. Mr. Chafkin continues to serve as a consultant to the Company and director on the Board.

Andrew Paradise

Mr. Paradise is our Chief Executive Officer, Chairman of the Board, and founder. Since co-founding Skillz in 2012, he has grown the company into the first publicly traded mobile games platform, hosting billions of tournaments and distributing millions in prizes each month. Prior to Skillz, Mr. Paradise founded AisleBuyer, a mobile self-checkout company acquired by Intuit (NASDAQ: INTU) in 2012. Earlier in his career, Mr. Paradise worked in private equity and venture capital. He holds more than 90 patents to his name. Mr. Paradise's industry experience, leadership abilities and strategic insight make him a valued member of the Board.

Casey Chafkin

Mr. Chafkin has served on the Board since the establishment of Skillz' Board and is a co-founder of the Company. Since its founding in 2012 until August 2024, Mr. Chafkin served the Company in a variety of C-Suite roles. Prior to Skillz, Mr. Chafkin was the VP of Business Development for AisleBuyer (now Intuit GoPayment) (NASDAQ: INTU) from 2010 to 2012. He is an expert in mobile payments and performance marketing. Mr. Chafkin received his B.S. in economics from Duke University and his MBA from Harvard Business School. As a leader, entrepreneur, and co-founder, Mr. Chafkin has been featured in outlets such as CNBC, VentureBeat, and Silicon Valley Business Journal. Mr. Chafkin's leadership and business experience, along with his experience in the industry make him a valued member of the Board.

Henry Hoffman

Mr. Hoffman has served on the Board since August 2022. Mr. Hoffman is a Partner at SL Advisors, Portfolio Manager of the SL Advisors MLP & Infrastructure SMA strategies and also Co-Portfolio Manager of the Catalyst Energy Infrastructure Fund. Mr. Hoffman is co-creator of the American Energy Indices, with a deep passion for the energy infrastructure space. Mr. Hoffman has been with SL Advisors since 2010. Before joining SL Advisors, Mr. Hoffman worked as a buy-side equity analyst for PNC Capital Advisors and a private equity real estate analyst for PNC Realty Investors. Mr. Hoffman graduated from Duke

University with a Bachelor of Science in economics and a minor in chemistry. Mr. Hoffman's extensive experience in the financial services industry makes him a valued member of the Board.

Anthony Cabot

Mr. Cabot has served on the Board since October 2024. Anthony Cabot held the position of Distinguished Fellow of Gaming Law at the UNLV Boyd School of Law until May 2023, overseeing the esteemed gaming law program. For over two decades, he shared his expertise not only with students but also with legislators and regulators worldwide. Prior to transitioning to academia full-time in March 2018, Professor Cabot spent 37 years practicing gaming law. Notably, he chaired the gaming law practice and served on the executive committee at Lewis Roca Rothgerber Christie LLP. Since the outset of his career in 1981, Professor Cabot has been instrumental in shaping significant gaming legislation both domestically in Nevada and on the international stage. Known for his prolific writing, he has authored or edited thirteen books on gaming-related topics, including “Sports Wagering in America: Policies, Economics, and Regulation” (2018), “Regulating Land-based Casinos” (2nd ed. 2018), “The Law of Gambling and Regulated Gaming: Cases and Materials” (3rd ed. 2021), “Regulating Internet Gaming: Challenges and Opportunities” (2013), and “Practical Casino Math” (2nd ed. 2005). Additionally, he is a founding member and former president of the International Masters of Gaming Law.

Alexander Mandel

Mr. Mandel has served on the Board since January of 2023 and is an independent financial consultant. He served as Chief Financial Officer of the Influential Network Inc., a privately-held influencer marketing company, from January 2022 through September 2023, and as Interim Chief Financial Officer through December 2023. From January 2019 through December 2021, he served as Chief Financial Officer of Fluent, Inc. (NASDAQ: FLNT) and as an independent financial consultant to the company from July 2018 through December 2018. From February 2016 to June 2018, Mr. Mandel served as the Chief Financial Officer of IAC Applications, a division of IAC/InterActiveCorp (NASDAQ: IAC). From 2010 to 2015, Mr. Mandel was employed by LendingTree, Inc. (NASDAQ: TREE), including as its Chief Financial Officer from 2012 to 2015. He was a Managing Director at Centerview Partners LLC, an investment banking advisory firm in New York City, from 2008 to 2010. Prior to that, Mr. Mandel held various positions at investment banking firm Bear, Stearns & Co. Inc. from 1996 to 2008, including Managing Director beginning in 2003. He received his Bachelor of Arts in Economics from Tufts University and his Masters of Business Administration from Columbia Business School. Mr. Mandel's decades of financial experience, coupled with his deep understanding of user acquisition, makes him a valued member of the Board.

Kent Wakeford

Mr. Wakeford has been an independent director of Skillz since 2020 and has more than 20 years of experience in the technology, digital media, ad tech, gaming and esports industries. Mr. Wakeford has co-founded multiple companies, including Gen.G Esports (“Gen.G”), tvScientific, Colossal Inc. (“Colossal”), Integral Ad Science, and Rally Networks. Mr. Wakeford currently serves as Co-Chief Executive officer of Form Bio since 2022 and as a director of tvScientific since 2017. Since February 2025, Mr. Wakeford also has been a member of the Aarki board of directors and since July 2025, as a member of the UCLA Board of Advisors. Mr. Wakeford previously served as Chief Operating Officer of Colossal from March 2021 to September 2022 and in various roles at Gen.G, including President, Chief Operating Officer and Vice Chairman of the Board of Directors, from June 2017 to October 2022. He has extensive experience in the game industry having served as Chief Operating Officer of Kabam from 2014 to 2017, where he helped grow Kabam to a globally diverse game company with over 1,000 employees in seven countries. Kabam games were played by over 500 million people around the world and generated over a billion dollars in revenue. Mr. Wakeford helped lead the sale of Kabam to Netmarble Games for \$800 million. Mr. Wakeford is a co-inventor on over 80 issued patents in the game industry and a prolific industry spokesperson featured in Bloomberg, CNBC, The Wall Street Journal, Los Angeles Times, and ESPN. Mr. Wakeford received an undergraduate degree from the University of California, Los Angeles and a Juris Doctor from the University of Southern California. Mr. Wakeford's leadership experience and industry experience make him a valued member of the Board.

Executive Officers of the Company (as of November 3, 2025)

Andrew Paradise
Chief Executive Officer
Age: 43

See “Directors and Management—Director Biographical Information” above for a description of Mr. Paradise’s experience.

Nikul D. Patel
Interim General Counsel
Age: 38

Mr. Patel joined the Company as a corporate secondee in July 2023 from King & Spalding LLP and was appointed as the Interim General Counsel on March 10, 2024. Prior to that, Mr. Patel was a Senior Associate at King & Spalding LLP since May 2021. Prior to joining King & Spalding LLP, Mr. Patel was an associate at Womble Bond Dickinson (US) LLP from March 2017 to May 2021. Mr. Patel received his Juris Doctorate from the University of North Carolina School of Law and a Bachelor of Arts in Psychology from the University of North Carolina at Chapel Hill.

Gaetano Franceschi
Chief Financial Officer
Age: 53

Mr. Franceschi joined the Company on January 8, 2024 to serve as the Chief Financial Officer of the Company. Prior to joining Skillz, Mr. Franceschi served as the Senior Vice President and Head of Finance of Compass from March 2023 until December 2023, where he also served as the Vice President and Head of Finance from May 2021 to February 2023. Prior to Compass, a real estate technology company, Mr. Franceschi served as the CFO of Amazon Games from August 2019 until April 2021, and served as the CFO of Amazon Web Services Data Center General Services from April 2017 to July 2019. Prior to that, Mr. Franceschi served in a variety of positions at Citi from November 2011 to March 2017, including CFO of Corporate Real Estate, Global Head of FP&A Ops & Tech, and CFO of Global Re-engineering. Mr. Franceschi holds a Master’s in Business Administration from Columbia University and a Bachelor of Science in Industrial Engineering from Northwestern University.

Controlled Company Exemption

Our Chief Executive Officer and Chairman of the Board, Mr. Paradise, beneficially owns 100% of the Company’s Class B Common Stock and controls a majority of the voting power of all outstanding capital stock. As a result, the Board has determined Skillz is a “controlled company” within the meaning of corporate governance standards of the NYSE. Under these corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance standards, including the requirements (1) that a majority of its board of directors consist of independent directors, (2) that its board of directors have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities and (3) that its board of directors have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities. Skillz has elected to take advantage of the exemptions pertaining to the independence of the Nominating Committee. If Skillz ceases to be a “controlled company” and its shares continue to be listed on the NYSE, we will be required to comply with all applicable NYSE corporate governance standards and, depending on the Board’s independence determination with respect to its then-current directors, Skillz may be required to add additional directors to its Board in order to achieve such compliance within the applicable transition periods.

Committees of the Board

The standing committees of the Board consist of an Audit Committee, a Compensation Committee and a Nominating Committee. The Board may from time to time establish other committees.

Skillz’s Chief Executive Officer and other executive officers regularly report to the non-executive directors and the Audit Committee, the Compensation Committee and the Nominating Committee to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. The charters of the Audit Committee, the Compensation Committee and the Nominating Committee are available on our website at <https://investors.skillz.com/governance/governance-documents>. The information on, or otherwise accessible through, our website does not constitute a part of this Annual Report on Form 10-K.

Audit Committee

Our Audit Committee consists of Messrs. Mandel (Chair), Hoffman and Wakeford. Each member of the Audit Committee qualifies as an independent director under the New York Stock Exchange (the “NYSE”) corporate governance standards applicable to audit committee members and the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and all such members are financially literate. Mr. Mandel qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and possesses financial sophistication, as defined under the rules of the NYSE. The primary purpose of the Audit Committee is to assist the Board in overseeing and monitoring (1) the quality and integrity of the financial statements, (2) compliance with legal and regulatory requirements, (3) Skillz’s independent registered public accounting firm’s qualifications, independence and performance, (4) the performance of Skillz’s internal audit function, and (5) to prepare the audit committee report required by the SEC to be included in Skillz’s proxy statement.

Compensation Committee

The Compensation Committee consists of Messrs. Wakeford (Chair) and Hoffman, each of whom qualifies as (i) an “independent director” under the NYSE Listing Rules (ii) an “outside director” under Section 162(m) of the Internal Revenue Code (the “Code”) and (iii) “non-employee directors” as defined pursuant to Rule 16b-3 of the Exchange Act. The purpose of the Compensation Committee is to assist the Board in discharging its responsibilities relating to (1) setting Skillz’s compensation program and compensation of its executive officers and directors, (2) monitoring Skillz’s incentive and equity-based compensation plans and (3) preparing the compensation committee report required to be included in Skillz’s proxy statement under the rules and regulations of the SEC.

The Compensation Committee also has the authority, in its sole discretion, to select and retain any compensation consultant to be used by the Company to assist with the execution of the Compensation Committee’s duties and responsibilities, or to engage independent counsel or other advisors as it deems necessary or appropriate to carry out its duties. In 2024, the Compensation Committee continued its engagement with Pearl Meyer & Partners, LLC (“Pearl Meyer”), a national compensation consulting firm, as an independent compensation consultant to assist with advice on executive compensation, director compensation, and incentive plan design.

Nominating and Corporate Governance Committee

The Nominating Committee consists of Messrs. Paradise (Chair), Chafkin, and Cabot. Mr. Cabot is a non-employee director and is independent as defined in the listing standards of the NYSE. As of November 3, 2025, both Messrs. Paradise and Chafkin were not independent. The Company is availing itself of the “**controlled company**” exception with respect to the requirement that the Nominating Committee be composed of entirely independent directors. See “Corporate Governance—Controlled Company Exemption” for more information. The primary purpose of the Nominating Committee is to assist the Board in discharging its responsibilities relating to (1) identifying individuals qualified to become new Board members, consistent with criteria approved by the Board, (2) reviewing the qualifications of incumbent directors to determine whether to recommend them for reelection and selecting, or recommending that the Board select, the director nominees for the next annual meeting of stockholders, (3) identifying Board members qualified to fill vacancies on any Board committee and recommending that the Board appoint the identified member or members to the applicable committee, (4) reviewing and recommending to the Board corporate governance principles applicable to Skillz and (5) overseeing the evaluation of the Board and management.

Continuation of 2022 Special Task Force on Material Weakness Remediation

In 2022, in light of the discovery of material weaknesses in change management procedures and controls, the Board formed a special task force comprised solely of independent directors (the “Special Task Force”). The Special Task Force was charged with monitoring the remediation efforts of the material weaknesses. The task force continued its work throughout 2024. In 2024, the Special Task Force consisted of Mr. Wakeford and Mr. Mandel.

Special Transactions Committee

In December 2024, in light of interest shown by certain institutional shareholders to sell their shares back to the Company, the Board formed a special transactions committee comprised solely of independent directors (the “Special Transactions Committee”). The Special Transactions Committee was charged with evaluating and approving any share repurchases from such institutional investors. The Special Transactions Committee consisted of Mr. Wakeford, Mr. Hoffman, and Mr. Cabot.

Special Committee

In September 2024, the independent members of the Board formed a special committee comprised solely of independent directors (the “Special Committee”) for the purpose of considering adjustments to the compensation levels and arrangements for Mr. Paradise, the Company’s Chief Executive Officer and controlling stockholder. The Special Committee consisted of Mr. Wakeford and Mr. Hoffman.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer, which is available on our website at <https://investors.skillz.com/governance/governance-documents>. The information on, or otherwise accessible through, our website does not constitute a part of this Annual Report on Form 10-K. To the extent required by law, we expect to disclose any amendments to the code, or any waivers of its requirements, on our website.

Delinquent Section 16(a) Reports

Based upon our review of reports filed with the SEC and written representations that no other reports were required, we believe that all of our directors, executive officers and beneficial owners of more than ten percent of our equity securities complied with the reporting requirements of Section 16(a) of the Exchange Act during 2024, with the exception of (i) a Form 3 filed late on May 8, 2024 for Nikul Patel reporting his initial beneficial ownership, (ii) a Form 4 filed late on September 9, 2024, reporting an award for Gaetano Franceschi, (iii) a Form 4 filed late on September 10, 2024, reporting transactions for Andrew Paradise and (iv) a Form 4 filed late on October 4, 2024, reporting an award for Kent Wakefield, each due to an inadvertent administrative error.

Insider Trading Policy

We have adopted an insider trading policy that governs the purchase, sale and/or other dispositions of our securities by directors, officers and employees, and that is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the NYSE listing standards applicable to us. In addition, it is our intent to comply with applicable laws and regulations relating to trading in our securities. Among other requirements, the Company’s insider trading policy prohibits individuals from engaging in transactions involving the common stock of our Company while such individuals are in possession of material, nonpublic information about our Company. The insider trading policy prohibits individuals from disclosing material, nonpublic information about the Company to others who may trade on the basis on that information. The insider trading policy also prohibits A copy of our Insider Trading Policy is filed as Exhibit 19.1 hereto.

Item 11. Executive Compensation.

2024 Summary Compensation

The following Summary Compensation Table shows information concerning the annual compensation for services provided to Skillz by our named executive officers (“NEOs”) for the years ended December 31, 2024 and 2023. Certain other information is provided in the narrative footnotes following the Summary Compensation Table. All dollar amounts are rounded to the nearest whole dollar.

Name and Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	All Other Compensation (\$)	Total (\$)
Andrew Paradise	2024	525,000	—	—	5,452 ⁽²⁾	530,452
<i>Chief Executive Officer</i>	2023	525,000	—	—	20,259 ⁽³⁾	545,259
Gaetano Franceschi	2024	376,923	—	424,180	82,846 ⁽⁴⁾	883,949
<i>Chief Financial Officer</i>						
Nikul Patel	2024	468,058 ⁽⁵⁾	—	—	—	468,058
<i>Interim General Counsel</i>						

1. The amounts reported in this column represent the aggregate grant date fair value of RSU awards granted to the NEOs, computed in accordance with FASB ASC Topic 718. See Note 14, Stock-Based Compensation, to Skillz’s consolidated financial statements included in the Company’s Annual Report on Form 10-K for the 2024 fiscal year for a discussion of all assumptions made by us in determining the grant date fair value of our equity awards granted in 2024. This column does not include any PSUs awarded by the Company in 2023 or 2024, as the performance metrics for all such awards were not achieved, and thus the awards were not considered granted pursuant to FASB ASC Topic 718.
2. Represents the value of 401(k) plan match contributions.
3. Consists of (i) \$6,730, which represents the value of 401(k) plan match contributions; and (ii) \$13,529 for untaken vacation time paid out.
4. Consists of: (i) \$75,000, which represents the value of a moving allowance provided to Mr. Franceschi; (ii) \$7,846, which represents the value of 401(k) plan match contributions.
5. Mr. Patel was appointed as Interim General Counsel effective March 10, 2024. Pursuant to an offer letter, during fiscal year 2024, Mr. Patel received a prorated annual base salary of \$630,000. Prior to his appointment on March 10, 2024, Mr. Patel was a corporate secondee from King & Spalding LLP and received no compensation from Skillz.

Outstanding Equity Awards at 2024 Fiscal Year-End

The following table shows information regarding equity awards held by the NEOs that were outstanding as of December 31, 2024. Dollar amounts, except exercise prices, are rounded to the nearest whole dollar.

Name ⁽¹⁾	Grant Date	Option Awards					Stock Awards	
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or units of stock that have not vested (#) ⁽²⁾	Market value of shares or units of stock that have not vested (\$) ⁽³⁾
Andrew Paradise	12/16/2020	—	—	332,000	353.60	12/16/2030	—	—
	11/23/2022	—	—	—	—	—	815,193	\$4,100,421
Gaetano Franceschi	1/8/2024	—	—	—	—	—	65,359	\$328,756
Nikul Patel	None							

- All outstanding equity awards as of December 31, 2024, as reported in this table, are denominated in Class A Common Stock.
- The shares of restricted stock and restricted stock units shown in this column vest (or vested) as follows:
 - For Mr. Paradise's November 23, 2022 RSU award, the RSUs listed in this column vest 25% on the first anniversary of the grant date and 6.25% in quarterly installments over the next three years. In addition, as required under SEC rules, the accounting grant date under FASB ASC Topic 718 is being reported here for Mr. Paradise's RSU award, as opposed to the January 1, 2023 grant date set forth in his award agreement.
 - For Mr. Franceschi, the RSUs listed in this column vested 100% on the first anniversary of the grant date and will settle once the Company becomes current with its periodic filings under the Securities and Exchange Act of 1934.
- For purposes of this table, the market value of unvested shares of restricted stock is determined by multiplying the number of shares by \$5.03, the closing price of a share of Class A Common Stock on December 31, 2024.

Closing Option Grants

In connection with the closing of the Business Combination (and as set forth in the "Outstanding Equity Awards at 2024 Fiscal Year End" table above), Mr. Paradise received, pursuant to the Omnibus Plan, nonqualified stock options to purchase, respectively, 498,000 shares of Class B Common Stock and 102,000 shares of Class A Common Stock. The options will vest in three equal increments as follows: (i) one-third (1/3) of the options will vest and become exercisable as of the date, following the grant date, that the VWAP on the NYSE of a share of Class A Common Stock over a ten (10) trading day period equals or exceeds 3.0x the VWAP of the shares as of the closing date of the Business Combination, (ii) one-third (1/3) of the options will 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 of the Business Combination, and (iii) one-third (1/3) of the options will 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 of the Business Combination. The exercise price per share subject to these options is \$353.60, the closing price of a share of Class A Common Stock on the closing date of the Business Combination.

Potential Payments Upon Termination or Change in Control

The Skillz Inc. Executive Severance and Change in Control Plan (the "Severance Plan") was adopted by the Company in order to: (i) provide financial support to a select group of senior-level executives of Skillz, including the NEOs, in the period following the termination of their employment, (ii) recognize the valuable contributions made by eligible employees to the Company, and (iii) help attract and retain highly qualified employees who are essential to the Company's success. Under the

Severance Plan, a covered executive who experiences a qualifying termination is eligible to receive severance benefits based on the executive’s years of service and position, consisting of (i) cash severance equal to an amount ranging from three to eighteen months’ base salary, and (ii) healthcare continuation payments for a period ranging from three to eighteen months. In addition, an executive who experiences a qualifying termination in connection with a change in control (as such term is defined in the Omnibus Plan) is eligible to receive a portion of their target bonus.

Non-Change in Control Termination

Pursuant to the Severance Plan, in the event of a termination without cause or for good reason (each as defined in the Severance Plan), not in connection with a change in control, (i) Mr. Paradise would be eligible to receive severance benefits equal to 12 months of continued base salary and continued health and welfare coverage for 12 months, (ii) Mr. Franceschi would be eligible to receive severance benefits equal to 9 months of continued base salary and continued health and welfare coverage for 9 months and (iii) Mr. Patel would be eligible to receive severance benefits equal to 3 months of continued base salary and continued health and welfare coverage for 3 months. Any equity awards held by our NEOs that were granted under the Omnibus Plan in substitution for the pre-closing awards they had received under the Skillz Inc. 2017 Equity Incentive Plan (the “2017 Plan”), will also vest in full in the event of a termination by Skillz without cause or a resignation for good reason. The receipt of all severance benefits is subject to the NEO’s execution and non-revocation of a general release of claims. For purposes of these awards, “good reason” means, without the NEO’s consent, (i) the material reduction by Skillz of the executive’s duties, authority or responsibilities, taken as a whole, (ii) a material reduction in the executive’s target annual cash compensation (other than pursuant to a company-wide salary reduction applicable to similarly situated employees), or (iii) a required relocation that increases the executive’s one-way commuting distance by more than 40 miles.

The following table sets forth estimates of the benefits that our NEOs would have received in the event of a termination without cause or a resignation in a constructive termination or a termination due to death or disability, in each case not in connection with a change in control (assuming the termination occurred on December 31, 2024).

Name	Cash Severance (\$)	Equity Acceleration (\$) ⁽¹⁾	Continued Benefits (\$)	Total (\$)
Andrew Paradise	\$ 525,000	1,669,960	23,690	2,218,650
Gaetano Franceschi	\$ 300,000	328,756	25,395	654,151
Nikul Patel	\$ 170,625	—	7,336	177,961

1. Represents, for accelerated stock options, the positive spread, if any, between the closing price of our Class A Common Stock, as reported on the NYSE, of \$5.03 per share on December 31, 2024 and the applicable stock option exercise price. For accelerated restricted stock, represents the value of all outstanding restricted shares multiplied by \$5.03 per share. The column does not reflect stock options where the exercise price exceeds such closing price (for information about these stock options, see the “Outstanding Equity Awards at 2024 Fiscal Year End” table above). These amounts do not reflect whether the NEO has actually realized or will realize a financial benefit from the awards upon the vesting of the granted stock options, the exercise of the granted stock options or the sale of the shares underlying the granted stock options.

Change in Control

Pursuant to the Severance Plan, if a termination without cause or for good reason occurs within the three months prior to or 12 months following the consummation of a change in control (a “CIC Qualifying Termination”), the Severance Plan instead would provide (i) Mr. Paradise with 18 months of base salary, payable in a lump sum, 1.5 times his target bonus for the year of termination, and continued health and welfare coverage for 18 months, (ii) Mr. Franceschi 12 months of base salary, payable in a lump sum, his target bonuses for the year of termination, and continued health and welfare coverage for 12 months, and (iii) Mr. Patel with 6 months of base salary, payable in a lump sum, his target bonuses for the year of termination, and continued health and welfare coverage for 6 months. The receipt of all severance benefits is subject to the NEO’s execution and non-revocation of a general release of claims.

The Severance Plan also provides that, in the event of a CIC Qualifying Termination, any outstanding and unvested time-based equity awards held by the NEOs under the Omnibus Plan will automatically vest in full, and any outstanding performance-vesting equity awards held by the NEOs under the Omnibus Plan will be treated as set forth in the Omnibus Plan and applicable award agreements (if any). The following table sets forth estimates of the benefits that our NEOs would have received in the event of a CIC Qualifying Termination (assuming the termination occurred on December 31, 2024).

Name	Cash Severance ⁽¹⁾	Equity Acceleration (\$) ⁽²⁾	Continued Benefits (\$)	Total (\$)
Andrew Paradise	1,575,000	5,770,381	35,535	7,380,916
Gaetano Franceschi	800,000	328,756	29,344	1,158,100
Nikul Patel	341,250	—	16,930	358,180

1. Amounts reflect the sum of (i) the executive's base salary payment and (ii) the product of the executive's target bonus and applicable bonus multiple.
2. Represents (i) for accelerated restricted stock units and restricted stock, the market value of the shares underlying the accelerated awards as of December 31, 2024, based on the closing price of our Class A Common Stock, as reported on the NYSE, of \$5.03 per share on December 31, 2024 and (ii) for accelerated stock options, the positive spread, if any, between the closing price of our Class A Common Stock, as reported on the NYSE, of \$5.03 per share on December 31, 2024 and the applicable stock option exercise price. The column does not reflect stock options where the exercise price exceeds such closing price (for information about these stock options, see the "Outstanding Equity Awards at 2024 Fiscal Year End" table above). These amounts do not reflect whether the NEO has actually realized or will realize a financial benefit from the awards upon the vesting of the granted restricted stock units, performance stock units and stock options, the exercise of the granted stock options or the sale of the shares underlying the granted restricted stock units, performance stock units and stock options.

Director Compensation Program

The Skillz non-employee director compensation program is designed to provide competitive compensation necessary to attract and retain high quality non-employee directors and to encourage ownership of Skillz stock to further align their interests with those of our stockholders. In 2024, our non-employee director compensation program provided the following compensation components:

- An annual cash retainer of \$45,000;
- An annual cash retainer of \$25,000 for the chair of the Audit Committee, \$25,000 for the chair of the Compensation Committee and \$10,000 for the chair of the Nominating Committee;
- An annual cash retainer of \$12,500 for members of the Audit Committee, \$12,500 for members of the Compensation Committee and \$5,000 for members of the Nominating Committee;
- An initial grant of restricted stock units ("RSUs") under the Skillz Inc. 2020 Omnibus Incentive Plan (the "Omnibus Plan") upon each director's election to office; the RSUs have a target value of \$400,000 (with the number of RSUs being determined using the volume weighted average price ("VWAP") on the NYSE of a share of Class A Common Stock over the fifteen (15) trading day period preceding the grant date) and vest ratably on an annual basis over four years;
- An annual grant of RSUs under the Omnibus Plan with a target grant value of \$200,000 (with the number of RSUs being determined using a fifteen (15) trading day VWAP preceding the grant date) for each director who has completed at least six months' service, which vests after one year; the Company may pay such grant in cash in lieu of equity.
- Meeting fees of \$10,000 per meeting for participation on the Special Task Force on Material Weakness Remediation, Special Litigation Committee and Special Compensation Committee of the Board; and
- An additional annual cash retainer of \$25,000 for serving as our non-executive chair and \$15,000 for serving as our lead director, in each case, if applicable.

Director Compensation Consultant: The Compensation Committee retains Pearl Meyer, a national compensation consulting firm, to assess trends and developments in director compensation practices and to compare the Company's practices against them. The Compensation Committee uses the analysis prepared by the consultant as part of its periodic review of Skillz's director compensation practices. Other than the foregoing consulting services and the services provided to the Compensation Committee with respect to Executive Compensation, Pearl Meyer did not provide any other material services to the Company in 2023.

2024 Director Compensation

The following table provides information concerning the compensation of each non-employee director who served on the Board in 2024. Mr. Paradise did not receive any additional compensation for his service as a director of the Company during 2024. Mr. Chafkin separated from the Company as an employee on August 23, 2024 and did not receive any additional compensation

for his service as director of the Company during 2024. However, since he separated from the Company as an employee, Mr. Chafkin received \$15,000 for consulting services to the Company during 2024. All dollar amounts are rounded to the nearest whole dollar.

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	All Other Compensation (\$)	Total
Anthony Cabot ⁽³⁾	157,500	—	—	157,500
Henry Hoffman	397,500	127,226	—	524,726
Alexander Mandel	511,875	86,230	—	598,105
Seth Schorr ⁽⁴⁾	243,504	62,814	—	306,318
Kent Wakeford	489,375	141,085	—	630,460

1. Excludes expense reimbursements. We reimburse our directors for expenses incurred to attend board meetings.
2. The amounts reported in this column represent the aggregate grant date fair value of RSU awards granted to the non-employee directors in 2024, computed in accordance with FASB ASC Topic 718. See Note 14, Stock-Based Compensation, for a discussion of all assumptions made by us in determining the grant date fair value of our equity awards. As of December 31, 2024, our non-employee directors who were members of the Board on such date held the following outstanding and unvested equity awards: Henry Hoffman 7,021 RSUs; Alex Mandel 21,204 RSUs; Kent Wakeford 64,516 RSUs; Anthony Cabot 76,190 RSUs.
3. Anthony Cabot joined the board on October 4, 2024.
4. Mr. Schorr left the board on September 19, 2024. Upon his resignation from the Board in September 2024, Mr. Schorr's unvested RSUs were forfeited for no consideration in accordance with the terms set forth in the Omnibus Plan.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee was at any time during fiscal year 2024, or at any other time, one of our officers or employees. None of our executive officers has served as a director or member of a compensation committee (or other committee serving an equivalent function) of any entity, one of whose executive officers served as a director of our Board or member of our Compensation Committee

Practices Related to Timing of Equity Awards

Neither the Board of Directors nor the Compensation Committee takes into account material non-public information when determining the timing or terms of equity awards, nor do we time disclosure of material non-public information for the purpose of affecting the value of executive compensation. During 2024, we did not grant stock options to any executive officer during any period beginning four business days before and ending one business day after the filing of any periodic report on Form 10-Q or Form 10-K, or the filing or furnishing of any current report on Form 8-K that disclosed material non-public information. More broadly, we did not award any stock options to named executive officers during 2024.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information

The following table sets forth certain information, as of December 31, 2024, concerning shares of our Class A Common Stock authorized for issuance under the Omnibus Plan and the ESPP.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) (#)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b) (\$)⁽¹⁾	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) (#)⁽²⁾
Equity compensation plans approved by stockholders ⁽³⁾	2,451,676	84.46	4,188,593
Equity compensation plans not approved by stockholders	—	—	—
Total	2,451,676	84.46	4,188,593

- (1) Reflects the weighted average exercise price of outstanding stock options. Outstanding restricted stock units are not included as such awards do not have an exercise price.
- (2) Includes 3,325,575 shares available for issuance under the Omnibus Plan and 863,018 shares available for issuance under the ESPP. Pursuant to the evergreen provision in the Omnibus Plan, the number of Class A shares available for issuance increases automatically on January 1 of each calendar year beginning in 2021 in an amount equal to the lesser of (i) 5% of the aggregate number of outstanding shares of our Class A Common Stock on the final day of the immediately preceding calendar year and (ii) such smaller number of shares determined by our Board. As of January 1, 2025, 836,845 shares of Class A Common Stock were added to the Omnibus Plan share reserve pursuant to the evergreen provision. Pursuant to the evergreen provision in the ESPP, the number of Class A shares available for issuance increases automatically on January 1 of each calendar year of the Company beginning in 2021 in an amount equal to 1% of the aggregate number of outstanding shares of our Class A Common Stock on the final day of the immediately preceding calendar year. As of January 1, 2025, an additional 133,068 shares of Class A Common Stock were added to the share reserve pursuant to the evergreen provision.
- (3) Includes 681,729 outstanding stock options and 1,769,947 outstanding restricted stock units under the Omnibus Plan. Amounts reported do not include 51,344 outstanding options assumed under the Omnibus Plan as Substitute Awards in connection with the Business Combination. The Substitute Award Options have a weighted average exercise price of \$7.80.

The following table sets forth certain information, as of December 31, 2024, concerning shares of our Class B Common Stock authorized for issuance under the Omnibus Plan.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) (#)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b) (\$)⁽¹⁾	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c) (#)⁽²⁾
Equity compensation plans approved by stockholders ⁽³⁾	498,000	353.60	620,365
Equity compensation plans not approved by stockholders	—	—	—
Total	498,000	353.60	620,365

- (1) Reflects the weighted average exercise price of outstanding stock options.
- (2) As of December 31, 2024, 620,365 shares of Class B Common Stock remained available for issuance under the Omnibus Plan. Pursuant to the evergreen provision in the Omnibus Plan, the number of Class B shares available for issuance increases automatically on January 1 of each calendar year beginning in 2021 in an amount equal to the lesser of (i) 5% of the aggregate number of outstanding shares of our Class B Common Stock on the final day of the immediately preceding calendar year and (ii) such smaller number of shares determined by our Board. Pursuant to the evergreen provision in the Omnibus Plan, as of January 1, 2025, 171,503 shares of Class B Common Stock were added to the share reserve.
- (3) Includes 498,000 outstanding stock options under the Omnibus Plan.

Security Ownership of Certain Beneficial Owners, Directors and Management

The following table sets forth information regarding the beneficial ownership of our Class A Common Stock and Class B Common Stock as of November 3, 2025 by: (a) each of our directors and named executive officers; (b) all directors and executive officers as a group; and (c) each person who is known to us to own beneficially more than 5% of the Company's Common Stock.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days. In computing the number of shares of Common Stock beneficially owned by a person and the percentage ownership, the Company deemed outstanding shares of its Common Stock subject to options and warrants held by that person that are currently exercisable or exercisable within 60 days. The Company did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

The percentage ownership of Common Stock is based on 11,875,631 shares of Class A Common Stock and 3,430,063 shares of Class B Common Stock outstanding as of November 3, 2025. Unless otherwise indicated or subject to applicable community property laws, the Company believes that all persons named in the table have sole voting and investment power with respect to all shares of Common Stock of the Company beneficially owned by them. Unless otherwise indicated below, the address of each beneficial owner listed in the table below is c/o Skillz Inc., 6625 Badura Avenue, Las Vegas Nevada 89118.

Beneficial Owner	Number of shares of Class A Common Stock	% of Class A Common Stock	Number of shares of Class B Common Stock	% of Class B Common Stock	% of Total Voting Power**
Andrew Paradise ⁽¹⁾	1,368,296	11.18 %	3,430,063	100%	86.91 %
Casey Chafkin ⁽²⁾	831,985	6.97 %	—	—	*
Henry Hoffman ⁽³⁾	10,532	*	—	—	*
Anthony Cabot ⁽⁴⁾	19,048	*	—	—	*
Alex Mandel ⁽⁵⁾	14,134	*	—	—	*
Seth Schorr ⁽⁶⁾	—	*	—	—	*
Kent Wakeford ⁽⁷⁾	99,692	*	—	—	*
Gaetano Franceschi ⁽⁸⁾	63,359	*	—	—	*
Nikul Patel ⁽⁹⁾	—	—	—	—	—
All Directors and Executive Officers as a Group (Eight Individuals)⁽¹⁰⁾	2,407,046	19.40 %	3,430,063	100%	88.20 %
Five Percent Holders:					
ARK Investment Management LLC ⁽¹¹⁾	1,204,471	10.14 %	—	—	1.50 %
Atlas Venture Fund, IX L.P. ⁽¹²⁾	1,148,146	9.67 %	—	—	1.43 %

* Denotes less than 1%

** Percentage of total voting power represents voting power with respect to all shares of Class A Common Stock and Class B Common Stock, as a single class. Each share of Class B Common Stock is entitled to 20 votes per share, and each share of Class A Common Stock is entitled to one vote per share.

1. Includes 362,304 shares of restricted stock units that have vested but not yet distributed due to blackout rules.
2. Includes (i) 11,033 shares of restricted stock units that have vested but not yet distributed due to blackout rules; and (ii) 51,344 vested stock options which expire November 4, 2028. Mr. Chafkin has since resigned as Chief Strategy Officer of the Company effective August 23, 2024. Mr. Chafkin continues to serve as a director on the Board.
3. Includes 3,510 shares of restricted stock units that have vested but not yet distributed due to blackout rules.
4. Represents 19,048 shares of restricted stock units that will vest within 60 days from November 3, 2025.
5. Includes 7,067 shares of restricted stock units that have vested but not yet distributed due to blackout rules.
6. Mr. Schorr left the Board in September 2024. Upon his resignation from the Board in September 2024, Mr. Schorr's unvested RSUs were forfeited for no consideration in accordance with the terms set forth in the Omnibus Plan.
7. Includes 16,433 shares of restricted stock units that have vested but not yet distributed due to blackout rules.
8. Includes 63,359 shares of restricted stock units that have vested but not yet distributed due to blackout rules.
9. Information contained in the table is based on the Form 3 filed with the SEC on May 8, 2024. Mr. Patel was appointed as our Interim General Counsel and Corporate Secretary on March 11, 2024.
10. Includes all current directors and executive officers.
11. Information contained in the table above and this footnote is based on a Schedule 13G filed with the SEC on February 9, 2022 by Ark Investment Management LLC ("Ark Investment"). Ark Investment is the beneficial owner of 1,204,741 shares, with sole dispositive power as to all such shares, sole voting power as to 1,140,323 shares and shared voting power as to 39,973 shares. The Schedule 13G contained information as of December 31, 2021, and may not reflect current holdings of our Class A Common Stock. Ark Investment's principal place of business is 3 East 28th street, 7th Floor, New York, New York 10016.
12. Information contained in the table above and this footnote is based on a schedule 13D filed with the SEC on December 28, 2020 by Atlas Venture Fund IX, L.P. ("Atlas Fund IX"), Atlas Venture Associates IX, L.P. ("Atlas Associates IX") and Atlas Venture Associates IX, LLC ("Atlas Associates IXLLC" and collectively, the "Atlas Reporting Persons") and after giving effect to the sale of 37,747 shares of Class A Common Stock and Skillz's public offering completed on March 23, 2021. Atlas Reporting Persons are the beneficial owner of 1,148,146 shares, with shared dispositive power and shared voting power as to all such shares. Atlas Associates IX is the sole general partner of Atlas Fund IX, Atlas Associates IXLLC is the sole general partner of Atlas Associates IX. Each of the Atlas Reporting Persons disclaims beneficial ownership all shares except to the extent of its pecuniary interest, if any, therein. The Schedule 13D contained information as of December 16, 2020, and may not reflect current holdings of our Class A Common Stock. Atlas Reporting Persons' principal place of business is 56 Wareham Street, Floor 3, Boston, MA 02118.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transaction Approval Policy

Our Board has adopted a written related party transaction approval policy pursuant to which the Audit Committee will review and approve or take such other action as it may deem appropriate with respect to the following transactions:

- a. a transaction in which we are a participant and which involves an amount exceeding \$120,000 and in which any of our directors, officers or 5% stockholders, or any other "related person" as defined in Item 404 of SEC Regulation S-K ("Item 404"), has or will have a direct or indirect material interest; and
- b. any other transaction that meets the related party disclosure requirements of the SEC as set forth in Item 404.

Notwithstanding the Company's related party transaction approval policy, in the case of stock repurchases, the Board authorized the creation of a Special Transactions Committee, consisting of independent directors to negotiate, review and approve transactions in which the Company would purchase large blocks of outstanding shareholder equity.

Share Repurchase

On December 10, 2024, the Company entered into Share Repurchase Agreements (the "Share Repurchase Agreements") with Wildcat Capital Management, LLC and Wildcat Partner Holdings, LP (the "Wildcat Parties"). Prior to the transaction, the Wildcat Parties owned more than 6% of our Class A Common Stock in the aggregate. Pursuant to the Share Repurchase Agreements, the Company agreed to repurchase 961,532 shares of its Class A Common Stock from Wildcat Partner Holdings, LP at a price of \$7.00 per share, for a total purchase price of \$6.7 million and 18,316 shares of its Class A Common Stock from

Wildcat Capital Management, LLC at a price of \$7.00 per share, for a total purchase price of \$0.1 million collectively, the “Share Repurchase Transactions”), which in the aggregate comprised all of the shares of Class A Common Stock beneficially owned by the Wildcat Parties. The Share Repurchase Agreements contain customary representations and warranties, and closed on December 10, 2024. The Share Repurchase Transactions were approved by a Special Transactions Committee of the Board of Directors .

At a repurchase price of \$7.00 per share, the shares of Class A Common Stock were repurchased at a 35% premium to the Company’s share price at the time of the transaction. The Company recorded the purchase of the Share Repurchase Transactions as treasury stock.

There were no other related party transactions requiring Audit Committee approval in 2024.

Independence of Directors

NYSE rules generally require that independent directors must comprise a majority of a listed company’s board of directors. As a controlled company, we are exempt from such requirements. No director qualifies as independent unless the Board determines that the director has no direct or indirect material relationship with the Company. In addition to considering the NYSE independence criteria, the Board will consider all relevant facts and circumstances of which it is aware in making an independence determination with respect to any director. The Board has made director independence determinations with respect to each of our current directors and one former director who served during 2024. Based on the NYSE independence guidelines, the Board has affirmatively determined that, as of November 3, 2025: (i) four of our current directors, Messrs. Hoffman, Cabot, Mandel, and Wakeford and one of our former director, Mr. Schorr, (A) have no relationships or only immaterial relationships with us, (B) meet the NYSE independence guidelines with respect to any such relationships and (C) are independent; (ii) two of our current directors Messrs. Paradise and Chafkin are not independent as Mr. Paradise is our Chief Executive Officer and Mr. Chafkin is a consultant and our former Chief Strategy Officer.

Item 14. Principal Accountant Fees and Services.

FEES OF INDEPENDENT ACCOUNTANTS

The following table presents fees for professional services rendered by Grant Thornton (“GT”) for the years ended December 31, 2024 and 2023 and Ernst & Young (“EY”) for the year ended December 31, 2023 (in thousands):

	2024	2023
Audit Fees ⁽¹⁾	3,086	3,047
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total:	3,086	3,047

1. “Audit Fees” consist of fees and expenses billed for professional services rendered for the audit of our consolidated financial statements, audit of our internal control over financial reporting and services that were provided by GT and EY.
2. “Audit-Related Fees” consist of fees billed for assurance and related services that are reasonably related to performance of the audit or review of our year-end consolidated financial statements and are not reported under “Audit Fees.” These services include attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards.
3. “Tax Fees” consist of fees billed for professional services relating to domestic and international tax advisory services.
4. “All Other Fees” consist of fees billed for products and services provided by GT beginning June 2023 and EY from January 2023 through June 2023 other than those disclosed above, which relate to subscription fees paid for access to online accounting research software applications.

Pre-Approval Policies and Procedures

The Audit Committee has sole authority to engage and determine the compensation of our independent registered public accounting firm. The Audit Committee is also directly responsible for evaluating the independent registered public accounting firm, reviewing, and evaluating the lead partner of the independent registered public accounting firm and overseeing the work of the independent registered public accounting firm. The Audit Committee annually pre-approves services to be provided by GT and considers and is required to pre-approve the engagement of GT for the provision of other services during the year. For each proposed service, the independent registered public accounting firm is required to provide detailed supporting documentation at the time of approval to permit the Audit Committee to make a determination as to whether the provision of such services would impair the independent registered public accounting firm's independence, and whether the fees for the services are appropriate. All of the fees for audit, audit-related, tax and other services performed by GT in 2024 were approved by the Audit Committee.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) We have filed the following documents as part of this Annual Report:

1. Financial Statements

Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8 of this Annual Report.

All financial statement schedules are omitted as such schedules are not required or the information required has been presented in the aforementioned financial statements and accompanying notes included in this Annual Report.

2. Exhibits

The documents listed in the Exhibit Index of this Annual Report are incorporated by reference or are filed with this Annual Report, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

Exhibit No.	Exhibit Description	Form	Exhibit	Filing Date
2.1	Merger Agreement, dated as of September 1, 2020, by and among Flying Eagle Acquisition Corp., FEAC Merger Sub Inc., Skillz Inc., and Andrew Paradise, solely in his capacity as representative of the stockholders of Skillz Inc.	8-K(1)	2.1	9/2/2020
2.2	Agreement and Plan of Merger, dated as of June 1, 2021, by and among Skillz Inc., Spades Merger Sub I, Spades Merger Sub II, Aarki Inc. and Shareholder Representative Services	8-K	2.1	6/2/2021
3.1	Third Amended and Restated Certificate of Incorporation of Skillz Inc.	8-K	3.1	12/21/2020
3.2	Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of Skillz Inc.	10-Q	3.1	8/4/2022
3.3	Certificate of Correction of the Third Amended and Restated Certificate of Incorporation of Skillz Inc. filed on April 16, 2023	8-K	3.1	4/12/2023
3.4	Reverse Stock Split Certificate of Amendment to Certificate of Incorporation of Skillz Inc.	8-K	3.1	6/23/2023
3.5	Fourth Amended and Restated Certificate of Incorporation	10-Q	3.1	8/8/2023
3.6	Certificate of Correction of the Fourth Amended and Restated Certificate of Incorporation of Skillz Inc. filed on October 19, 2023	8-K	3.1	10/24/2023
3.7	Fifth Amended and Restated Certificate of Incorporation	8-K	3.1	12/11/2024
3.8	Amended and Restated Bylaws of Skillz Inc.	8-K	3.2	12/21/2020
4.1	Form of Specimen Class A Common Stock Certificate of Skillz Inc.	8-K	4.1	12/21/2020
4.2	Warrant Agreement, dated March 5, 2020, by and between Flying Eagle Acquisition Corp. and Continental Stock Transfer & Trust Company, as warrant agent	8-K(1)	4.1	3/10/2020
4.3	Description of Skillz Inc.’s Securities	10-K	4.3	8/29/2024
4.4	Indenture, dated as of December 20, 2021, among Skillz Inc., each of the guarantors party thereto and UMB Bank, N.A., as Trustee	8-K	4.1	12/20/2021
4.5	First Supplemental Indenture, dated April 13, 2023, by and among Skillz Inc. the guarantors party thereto and UMB Bank, N.A., as trustee and collateral agent	8-K	4.1	4/14/2023
4.6	Form of 10.250% Note due 2026 (included as Exhibit A to Exhibit 4.4)	8-K	4.2	12/20/2021
10.1+	Skillz Inc. 2020 Omnibus Incentive Plan	S-4(1)	Annex F	9/8/2020
10.2+	Amendment No. 1 to the Skillz Inc. 2020 Omnibus Incentive Plan	10-Q	10.2	8/8/2023
10.3+	Skillz Inc. 2020 Employee Stock Purchase Plan	S-4(1)	Annex G	9/8/2020
10.4+	Amendment No. 1 to the Skillz Inc. 2020 Employee Stock Purchase Plan	10-Q	10.1	8/8/2023
10.5+	Amendment No. 1 to the Aarki, Inc. 2010 Stock Plan	10-Q	10.3	8/8/2023
10.6+	Form of Indemnification Agreement	8-K	10.1	2/26/2021

10.7	Support Agreement, dated as of September 1, 2020, by and among Flying Eagle Acquisition Corp. and certain Supporting Stockholders of Skillz Inc.	8-K(1)	10.3	9/2/2020
10.8	Eighth Amended and Restated Investors' Rights Agreement, dated September 1, 2020, by and among Flying Eagle Acquisition Corp., Skillz Inc. and certain of its stockholders	8-K(1)	10.2	9/2/2020
10.9†	Earnout Escrow Agreement, dated December 16, 2020 by and among Skillz Inc., Andrew Paradise, solely in his capacity as representative of the stockholders of Skillz Inc., Eagle Equity Partners II LLC and Continental Stock Transfer & Trust Company	8-K	10.6	12/21/2020
10.1	Director Nomination Agreement, dated December 16, 2020, by and between Skillz Inc. and Eagle Equity Partner II, LLC	8-K	10.7	12/21/2020
10.11	Note Cancellation Agreement dated as of December 16, 2020 by and between Skillz Inc. and Andrew Paradise	8-K	10.8	12/21/2020
10.12	Note Cancellation Agreement dated as of December 16, 2020 by and between Skillz Inc. and Casey Chafkin	8-K	10.9	12/21/2020
10.13†*	Amendment to Skillz Online Developer Terms and Conditions of Service, dated January 15, 2020, by and between Skillz Inc and Tether Studios, Inc.	S-4(1)	10.9	11/2/2020
10.14+	Form of Option Agreement	8-K	10.11	12/21/2020
10.15+	Skillz Inc. Executive Severance and Change in Control Plan	8-K	10.12	12/21/2020
10.16+	Form of Severance Plan Participation Agreement	8-K	10.13	12/21/2020
10.17	Investor Rights Agreement dated September 1, 2020 by and among Flying Eagle Acquisition Corp., Skillz Inc., and the stockholders named therein	8-K	10.14	12/21/2020
10.18+	Offer Letter, signed by Skillz Inc. and Jason Roswig, dated as of June 24, 2022	10-Q	10.1	8/4/2022
10.19+	Letter Agreement, dated September 19, 2024, between Skillz Inc. and Casey Chafkin	8-K	10.1	9/25/2024
10.20**+	Offer Letter dated March 7, 2024 between Skillz Inc and Nikul Patel			
10.21+	Offer Letter, dated June 21, 2025, between Skillz Inc. and Todd A. Valli	8-K	10.1	7/14/2025
10.22	Form of Non-Competition and Non-Solicitation Agreement, dated as of June 1, 2021, by and between Skillz Inc. and Certain Stockholders of Aarki, Inc.	8-K	99.1	6/2/2021
10.23	CEO Equity Award Agreement, dated as of November 23, 2022	8-K	10.1	11/30/2022
10.24	Confidentiality, Non-Competition, Non-Solicitation and Assignment of Inventions Agreement, dated as of May 13, 2013	10-K	10.20	3/31/2023
10.25	Offer Letter, dated October 17, 2023, between Skillz Inc. and Gaetano Franceschi	8-K	10.1	1/9/2024
10.26**	Skillz Developer Terms and Conditions, dated May 1, 2025			
16.1	Letter from Ernst & Young LLP dated June 16, 2023 to the Securities and Exchange Commission regarding change in certifying accountant	8-K	16.1	6/16/2023
19.1**	Insider Trading Policy			
21.1**	Subsidiaries of Registrant			
23.1**	Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm			
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			
97	Clawback Policy	10-K	97	8/29/2024

- 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).

† Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

* Certain portions of this exhibit have been omitted pursuant to Regulation S-K Item 601(b)(10)(iv). The Registrant agrees to furnish an unredacted copy of the exhibit to the SEC upon its request.

**Filed herewith.

***Submitted electronically with the report.

+ Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

SKILLZ INC.

By: /s/ Andrew Paradise
Name: Andrew Paradise
Title: Chief Executive Officer and Chairman
Date: November 6, 2025

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Andrew Paradise and Gaetano Franceschi, acting alone or together with another attorney-in-fact, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his, place and stead, in any and all capacities, to sign any or all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Andrew Paradise</u> Andrew Paradise	Chief Executive Officer and Chairman (Principal Executive Officer)	November 6, 2025
<u>/s/ Gaetano Franceschi</u> Gaetano Franceschi	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	November 6, 2025
<u>/s/ Casey Chafkin</u> Casey Chafkin	Director	November 6, 2025
<u>/s/ Alex Mandel</u> Alex Mandel	Director	November 6, 2025
<u>/s/ Henry Hoffman</u> Henry Hoffman	Director	November 6, 2025
<u>/s/ Anthony Cabot</u> Anthony Cabot	Director	November 6, 2025
<u>/s/ Kent Wakeford</u> Kent Wakeford	Director	November 6, 2025

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March 7, 2024

Personal and Confidential

Nikul Patel

Re: Offer Letter

Dear Nikul Patel:

I am very pleased to provide you with a summary of the terms and conditions of your employment with Skillz Inc. ("Skillz" or the "Company").

1. Position. Your initial position will be Interim General Counsel and you will work at our Remote office reporting directly to the Company's Chief Executive Officer, Andrew Paradise. As you progress with the Company, your position and assignments may be subject to change. We are a dynamic organization with ever-changing needs, and we will work over the course of your employment to determine where your talents and abilities can be best utilized. As a Skillz employee, we expect that you will devote your full working time to the performance of your duties to the Company. Skillz expects you to perform any and all duties and responsibilities normally associated with your position in a satisfactory manner and to the best of your abilities at all times.

2. Start Date/At-Will Nature of Relationship. If you accept this offer, your employment with the Company will begin March 11, 2024 (the "Commencement Date"). No provision of this letter will be construed to create an express or implied employment contract, or a promise of employment for any specific period of time. Your employment with the Company is at-will, meaning that your employment may be terminated by you or the Company at any time for any reason with or without advance notice.

3. Compensation.

Offer Details
Starting Salary: \$52,500.00 per month, payable on the Company's regular payroll dates.

4. Severance. You will be deemed a "Tier 3 Executive" and a "Covered Executive" with respect to the Company's Executive Severance Plan. In the event that your employment is terminated by the Company and King & Spalding LLP promptly offers you employment at the same

or higher compensation and on substantially similar terms to those prior to your acceptance of this Offer Letter, you will agree to waive any severance payment obligation the Company.

5. Your Certifications to the Company.

As a condition of your employment, you certify to the Company that you are free to enter into and fully perform the duties of your position and that you are not subject to any employment, confidentiality, non-competition or other agreement that would restrict your performance for the Company. You further certify that your signing this letter of employment does not violate any order, judgment or injunction applicable to you, or conflict with or breach any agreement to which you are a party or by which you are bound. If you are subject to any such agreement or order, please forward it to Legal, along with a copy of this letter.

Additionally, as a condition of your employment, you also certify that all facts you have presented to the Company are accurate and true. This includes, but is not limited to, all oral and written statements you have made (including those pertaining to your education, training, qualifications, licensing and prior work experience) on any job application, resume or c.v., or in any interview or discussion with the Company.

6. Confidential Information and Invention Assignment Agreement. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's standard Confidential Information and Invention Assignment Agreement (the "Confidentiality Agreement"). A copy of the Confidentiality Agreement will be provided for your execution.

7. Taxes, Withholding and Required Deductions. All forms of compensation referred to in this letter are subject to all applicable taxes, withholding and any other deductions required by applicable law.

8. Background Verification and Drug Test. Your employment with the Company is conditioned on a satisfactory Consumer Report, an Investigative Consumer Report, references, a background check and/or academic record, and a drug screen to ensure you do not use substances that are illegal under federal law. The foregoing are all performed in compliance with local law.

9. Before You Start. Your employment with the Company is conditioned on your providing legal proof of your identity and eligibility to work in the United States. On your first day, you must complete an I-9 Form and provide us with any of the accepted forms of identification specified on the I-9 Form.

10. Miscellaneous.

Governing Law. The validity, interpretation, construction and performance of this letter, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the state in which you work, without giving effect to principles of conflicts of law.

Arbitration. You and the Company agree that to the fullest extent permitted by law, any and all claims relating to, arising from or regarding your employment, will be resolved by final and binding arbitration by a single arbitrator. You and the Company further agree that such claims be resolved on an individual basis only, not on a class, collective, representative, or private attorney general act representative basis on behalf of other employees ("Class Waiver"), to the fullest extent

permitted by applicable law. Any claim that all or part of the Class Waiver is invalid, enforceable, unconscionable, void or voidable may be determined only by a court. In no case may class, collective or representative claims proceed in arbitration. You and the Company agree to bring any claim in arbitration before JAMS, pursuant to the JAMS Employment Rules & Procedures (which can be reviewed at <https://www.jamsadr.com/rules-employment-arbitration/>).

You on the one hand, and the Company on the other, waive any rights to a jury trial or a bench trial in connection with the resolution of any claim under this agreement (although both parties may seek interim emergency relief from a court to prevent irreparable harm to their confidential information or trade secrets pending the conclusion of any arbitration). This agreement will be construed and interpreted in accordance with the laws of the state in which you work and the Federal Arbitration Act ("FAA"). In the case of a conflict, the FAA will control. Claims will be governed by applicable statutes of limitations. Except as to the Class Waiver, the arbitrator, and not a court, will determine whether the arbitration agreement applies to a dispute, controversy, or claim. In the event that any portion of this arbitration clause is deemed illegal or unenforceable, such provision will be severed and the remainder of this clause will be given full force and effect. Arbitration is not a mandatory condition of your employment. If you wish to opt out of this arbitration clause, you must notify the Company in writing by sending an email to hr@skillz.com stating your intent to opt out within 30 days of signing this offer letter.

Entire Agreement. This letter sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof.

Counterparts. This letter may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together will constitute one and the same agreement. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.

Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents or notices related to this agreement, securities of the Company or any of its affiliates or any other matter, including documents and/or notices required to be delivered to you by applicable securities law or any other law or the Company's Certificate of Incorporation or Bylaws by email or any other electronic means. You hereby consent to: (i) conduct business electronically, (ii) receive such documents and notices by such electronic delivery, and (iii) sign documents electronically and agree to participate through an on-line or electronic system established and maintained by the Company or a third-party designated by the Company.

You may accept this offer of employment and the terms and conditions hereof by signing and dating this letter. This offer will expire on March 10, 2024 at 11:59 PM PT, unless accepted by you prior to such date by directing the signed offer letter to me.

[signatures on following page]

We are pleased to offer you the opportunity to join Skillz and we look forward to having you aboard. We are confident that you will make an important contribution to our unique and exciting enterprise.

Sincerely,
SKILLZ INC.



Andrew Paradise
Chief Executive Officer

ACCEPTED AND AGREED:

DocuSigned by:

97EC404439374B1...

Nikul Patel
3/11/2024



As a condition of my becoming employed (or my employment being continued) by Skillz Inc., a Delaware corporation, or any of its current or future subsidiaries, affiliates, successors or assigns (collectively, the "Company"), and in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by the Company, the receipt of Confidential Information (as defined below) while associated with the Company, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, I hereby agree to the following:

1. **Relationship.** This Confidential Information and Invention Assignment Agreement (this "Agreement") will apply to my employment relationship with the Company. If that relationship ends and the Company, within one (1) year thereafter, either reemploys me or engages me as a consultant, I agree that this Agreement will also apply to such later employment or consulting relationship, unless the Company and I otherwise agree in writing. Any employment or consulting relationship between the parties hereto, whether commenced prior to, upon or after the date of this Agreement, is referred to herein as the "Relationship."

2. **Applicability to Past Activities.** The Company and I acknowledge that I may have performed work, activities, services or made efforts on behalf of or for the benefit of the Company, or related to the current or prospective business of the Company in anticipation of my involvement with the Company, that would have been within the scope of my duties under this agreement if performed during the term of this Agreement, for a period of time prior to the Effective Date of this Agreement (the "Prior Period"). Accordingly, if and to the extent that, during the Prior Period: (i) I received access to any information from or on behalf of the Company that would have been Confidential Information (as defined below) if I received access to such information during the term of this Agreement; or (ii) I (a) conceived, created, authored, invented, developed or reduced to practice any item (including any intellectual property rights with respect thereto) on behalf of or for the benefit of the Company, or related to the current or prospective business of the Company in anticipation of my involvement with the Company, that would have been an Invention (as defined below) if conceived, created, authored, invented, developed or reduced to practice during the term of this Agreement; or (b) incorporated into any such item any pre-existing invention, improvement, development, concept, discovery or other proprietary information that would have been a Prior Invention (as defined below) if incorporated into such item during the term of this Agreement; then any such information shall be deemed "Confidential Information" hereunder and any such item shall be deemed an "Invention" or "Prior Invention" hereunder, and this Agreement shall apply to such activities, information or item as if disclosed, conceived, created, authored, invented, developed or reduced to practice during the term of this Agreement.

3. **Confidential Information.**

a. **Protection of Information.** I understand that during the Relationship, the Company intends to provide me with certain information, including Confidential Information (as defined below), without which I would not be able to perform my duties to the Company. At all times during the term of the Relationship and thereafter, I shall hold in strictest confidence, and not use, except for the benefit of the Company to the extent necessary to perform my obligations to the Company under the Relationship, and not disclose to any person, firm, corporation or other entity, without written authorization from the Company in each instance, any Confidential Information that I obtain, access or create during the term of the Relationship, whether or not during working hours, until such Confidential Information becomes publicly and widely known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved. I shall not make copies of such Confidential Information except as authorized by the Company or in the ordinary course of my obligations to the Company under the Relationship.

b. **Confidential Information.** I understand that "Confidential Information" means any and all information and physical manifestations thereof not generally known or available outside the Company and information and physical manifestations thereof entrusted to the Company in confidence by third parties, whether or not such information is patentable, copyrightable or otherwise legally protectable. Confidential Information includes, without limitation: (i) Company Inventions (as defined below); and (ii) technical data, trade secrets, know-how, research, product or service ideas or plans, software codes and designs, algorithms, developments, inventions, patent applications, laboratory notebooks, processes, formulas, techniques, biological materials, mask works, engineering designs and drawings, hardware configuration information, agreements with third parties, lists of, or information relating to, employees and consultants of the Company (including, but not limited to, the names, contact information, jobs, compensation, and expertise of such employees and consultants), lists of, or information relating to, suppliers and customers (including, but not limited to, customers of the Company on whom I called or with whom I became acquainted during the Relationship), price lists, pricing

methodologies, cost data, market share data, marketing plans, licenses, contract information, business plans, financial forecasts, historical financial data, budgets or other business information, in each case, generated by me in connection with the Relationship or otherwise disclosed or made available to me by or on behalf of the Company, either directly or indirectly, whether in writing, electronically, orally, or by observation.

c. **Third Party Information.** My agreements in this Section 3 are intended to be for the benefit of the Company and any third party that has entrusted information or physical material to the Company in confidence. During the term of the Relationship and thereafter, I will not improperly use or disclose to the Company any confidential, proprietary or secret information of my former employer(s) or any other person, and I will not bring any such information onto the Company's property or place of business.

d. **Other Rights.** This Agreement is intended to supplement, and not to supersede, any rights the Company may have in law or equity with respect to the protection of trade secrets or confidential or proprietary information.

e. **U.S. Defend Trade Secrets Act.** Notwithstanding the foregoing, the U.S. Defend Trade Secrets Act of 2016 ("DTSA") provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (iii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

f. **Permitted Disclosures.** Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. To the extent legally permissible, I shall promptly provide reasonable advance written notice of any such order to an authorized officer of the Company. Without limiting the generality of the foregoing, nothing in this Agreement prohibits or restricts me (or my attorney) from (i) communicating with the Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other applicable regulatory authority regarding a possible securities law violation; (ii) exercising protected rights, including without limitation those rights granted under Section 7 of the National Labor Relations Act, or otherwise disclosing information as permitted by applicable law, regulation, or order; (iii) discussing or disclosing information about acts or conduct in the workplace or at work-related events (whether on or off Company premises) that I have reasonable cause to believe are unlawful or against a clear mandate of public policy, such as unlawful harassment, discrimination, retaliation, sexual assault, or wage and hour violations, or (iv) otherwise disclosing information as permitted by applicable law, regulation, or order.

4. Ownership of Inventions.

a. **Inventions Retained and Licensed.** I have attached hereto, as Exhibit A, a complete list describing with particularity all Inventions (as defined below) that, as of the Effective Date: (i) have been created by or on behalf of me, and/or (ii) are owned exclusively by me or jointly by me with others or in which I have an interest, and that relate in any way to any of the Company's actual or proposed businesses, products, services, or research and development, and which are not assigned to the Company hereunder (collectively "Prior Inventions"); or, if no such list is attached, I represent and warrant that there are no such Inventions at the time of signing this Agreement, and to the extent such Inventions do exist and are not listed on Exhibit A, I hereby irrevocably and forever waive any and all rights or claims of ownership to such Inventions. I understand that my listing of any Inventions on Exhibit A does not constitute an acknowledgement by the Company of the existence or extent of such Inventions, nor of my ownership of such Inventions. I further understand that I must receive the formal approval of the Company before commencing my Relationship with the Company.

b. **Use or Incorporation of Inventions.** If in the course of the Relationship, I use or incorporate into any of the Company's products, services, processes or machines any Invention not assigned to the Company pursuant to Section 4(d) of this Agreement in which I have an interest, I will promptly so inform the Company in writing. Whether or not I give such notice, I hereby irrevocably grant to the Company a nonexclusive, fully paid-up, royalty-free, assumable, perpetual, worldwide license, with right to transfer and to sublicense, to practice and exploit such Invention and to make, have made, copy, modify, make derivative works

of, use, sell, import, and otherwise distribute such Invention under all applicable intellectual property laws without restriction of any kind.

c. **Inventions.** I understand that "Inventions" means discoveries, developments, concepts, designs, ideas, know-how, modifications, improvements, derivative works, inventions, trade secrets and/or original works of authorship, whether or not patentable, copyrightable or otherwise legally protectable. I understand this includes, but is not limited to, any new product, machine, article of manufacture, biological material, method, procedure, process, technique, use, equipment, device, apparatus, system, compound, formulation, composition of matter, design or configuration of any kind, or any improvement thereon. I understand that "Company Inventions" means any and all Inventions that I may solely or jointly author, discover, develop, conceive, or reduce to practice during the period of the Relationship or otherwise in connection with the Relationship, except as otherwise provided in Section 4(g) below.

d. **Assignment of Company Inventions.** I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all of my right, title and interest throughout the world in and to any and all Company Inventions and all patent, copyright, trademark (including goodwill embodied therein or symbolized thereby), trade secret and other intellectual property rights and other proprietary rights therein. I hereby waive and irrevocably quitclaim to the Company or its designee any and all claims, of any nature whatsoever, that I now have or may hereafter have for infringement of any and all Company Inventions. I further acknowledge that all Company Inventions that are made by me (solely or jointly with others) within the scope of and during the period of the Relationship are "works made for hire" (to the greatest extent permitted by applicable law) and are compensated by my salary. Any assignment of Company Inventions includes all rights of attribution, paternity, integrity, modification, disclosure and withdrawal, and any other rights throughout the world that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like (collectively, "Moral Rights"). To the extent that Moral Rights cannot be assigned under applicable law, I hereby waive and agree not to enforce any and all Moral Rights, including, without limitation, any limitation on subsequent modification, to the extent permitted under applicable law. If I have any rights to the Company Inventions, other than Moral Rights, that cannot be assigned to the Company, I hereby unconditionally and irrevocably grant to the Company during the term of such rights, an exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, with rights to sublicense through multiple levels of sublicensees, to reproduce, distribute, display, perform, prepare derivative works of and otherwise modify, make, have made, sell, offer to sell, import, practice methods, processes and procedures and otherwise use and exploit, such Company Inventions.

e. **Maintenance of Records.** I shall keep and maintain adequate and current written records of all Company Inventions made or conceived by me (solely or jointly with others) during the term of the Relationship. The records may be in the form of notes, sketches, drawings, flow charts, electronic data or recordings, laboratory notebooks, or any other format. The records will be available to and remain the sole property of the Company at all times. I shall not remove such records from the Company's place of business or systems except as expressly permitted by Company policy which may, from time to time, be revised at the sole election of the Company for the purpose of furthering the Company's business. I shall deliver all such records (including any copies thereof) to the Company at the time of termination of the Relationship as provided for in Section 5 and Section 6.

f. **Intellectual Property Rights.** I shall assist the Company, or its designee, at its expense, in every proper way in securing the Company's, or its designee's, rights in the Company Inventions and any copyrights, patents, trademarks, mask work rights, Moral Rights, or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company or its designee of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments which the Company or its designee shall deem necessary or useful in order to apply for, obtain, maintain and transfer such rights, or if not transferable, waive and shall never assert such rights, and in order to assign and convey to the Company or its designee, and any successors, assigns and nominees the sole and exclusive right, title and interest in and to such Company Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. My obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue during and at all times after the end of the Relationship and until the expiration of the last such intellectual property right to expire in any country of the world. I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney-in-fact, to act for and in my behalf and stead to execute and file any such instruments and papers and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance or transfer of patent, copyright, mask work, trademark and other registrations related to such Company

Inventions. This power of attorney is coupled with an interest and shall not be affected by my subsequent incapacity.

g. **Exception to Assignments.** Subject to the requirements of applicable state law, if any, I understand that the Company Inventions will not include, and the provisions of this Agreement requiring assignment of inventions to the Company do not apply to, any invention which qualifies fully for exclusion under the provisions of applicable state law, if any, including those attached hereto as Exhibit B. In order to assist in the determination of which inventions qualify for such exclusion, I will advise the Company promptly in writing, during and for a period of twelve (12) months immediately following the termination of the Relationship, of all Inventions solely or jointly conceived or developed or reduced to practice by me during the period of the Relationship.

5. **Company Property; Returning Company Documents.** I acknowledge that I have no expectation of privacy with respect to the Company's telecommunications, networking or information processing systems (including, without limitation, files, e-mail messages, and voice messages) and that my activity and any files or messages on or using any of those systems may be monitored or reviewed at any time without notice. I further acknowledge that any property situated on the Company's premises or systems and owned by the Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without notice. At the time of termination of the Relationship, I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, laboratory notebooks, materials, flow charts, equipment, other documents or property, or reproductions of any of the aforementioned items developed by me pursuant to the Relationship or otherwise belonging to the Company, its successors or assigns.

6. **Termination Certification.** In the event of the termination of the Relationship, I shall sign and deliver the "Termination Certification" attached hereto as Exhibit C; however, my failure to sign and deliver the Termination Certification shall in no way diminish my continuing obligations under this Agreement.

7. **Notice to Third Parties.** During the periods of time during which I am restricted in taking certain actions by the terms of Section 8 and Section 9 of this Agreement (the "Restriction Period"), I shall inform any entity or person with whom I may seek to enter into a business relationship (whether as an owner, employee, independent contractor or otherwise) of my contractual obligations under this Agreement. I acknowledge that the Company may, with or without prior notice to me and whether during or after the term of the Relationship, notify third parties of my agreements and obligations under this Agreement. Upon written request by the Company, I will respond to the Company in writing regarding the status of my employment or proposed employment with any party during the Restriction Period.

8. **Solicitation of Employees, Consultants and Other Parties and Non-Disparagement.** As described above, I acknowledge that the Company's Confidential Information includes information relating to the Company's employees, consultants, customers and others, and I will not use or disclose such Confidential Information except as authorized by the Company in advance in writing. I further agree as follows:

a. **Employees, Consultants.** During the term of the Relationship, and for a period of twelve (12) months immediately following the termination of the Relationship for any reason, whether with or without cause, I shall not, directly or indirectly, (i) solicit, induce, encourage, or attempt to solicit, induce or encourage any of the Company's employees or consultants with whom I worked with, contacted, or otherwise had access to Confidential Information about during my employment or other engagement with the Company to terminate or reduce their relationship with the Company, or (ii) attempt to solicit employees or consultants of the Company with whom I worked with, contacted, or otherwise had access to Confidential Information about during my employment or other engagement with the Company, either for myself or for any other person or entity.¹

b. **Other Parties.** During the term of the Relationship, I shall not, directly or indirectly, influence any of the Company's clients, licensors, licensees, customers or other business partners from purchasing

¹ For purposes of this provision 8(b), and this provision 8(b) only, the term "employees" has the following respective meanings if, at the time my employment ends, I reside in the following states: Alabama: employees in positions uniquely essential to the management, organization, or service of the business; Indiana: employees with access to or knowledge of customer lists, trade secrets or other Confidential Information; Missouri: employees who perform duties beyond secretarial or clerical services; Wisconsin: employees with specialized knowledge, skills, or relationships or familiarity with me.

Company products or services or solicit or influence or attempt to influence any client, licensor, licensee, customer or other business partner or person to direct any purchase of products and/or services to any person, firm, corporation, institution or other entity in competition with the business of the Company or to sever, modify, reduce, or in any way alter their business or contractual relationship with the Company.

c. **Non-Disparagement.** To the fullest extent permitted by applicable law, at all times both during the Relationship and thereafter, I agree that I will not disparage or encourage or induce others to disparage the Company or its officers, directors, agents, attorneys, employees, stockholders, and assigns (collectively, the "**Covered Parties**"). For the purpose of this Agreement, "disparage" includes, without limitation, making comments or statements on social media or the internet, or to any person or entity including, but not limited to, the press and/or media, current or former employees, board members, business partners or customers of the Company or any entity with whom the Company has a business relationship, that would adversely affect in any manner (i) the conduct of the business of the Company or any of the Covered Parties (including, but not limited to, any business plans or prospects) or (ii) the reputation of the Company or any of the Covered Parties. A breach of this provision will be deemed to be a material breach of this Agreement. Nothing in this Agreement prohibits me from (x) providing truthful information as required by law, including in a legal proceeding or a government investigation, (y) providing truthful information during the Relationship with respect to internal discussions regarding job responsibilities and the performance review process, or (z) otherwise engaging in the permitted disclosures set forth in Section 3.f.

9. **At-Will Relationship.** I understand and acknowledge that, except as may be otherwise explicitly provided in a separate written agreement between the Company and me, my Relationship with the Company is and shall continue to be at-will, as defined under applicable law, meaning that either I or the Company may terminate the Relationship at any time for any reason or no reason, without further obligation or liability, other than those provisions of this Agreement that explicitly continue to be in effect after the termination of the Relationship.

10. **Representations and Covenants.**

a. **Facilitation of Agreement.** I shall execute promptly, both during and after the end of the Relationship, any proper oath, and verify any proper document, required to carry out the terms of this Agreement, upon the Company's written request to do so.

b. **No Conflicts.** I represent and warrant that my performance of all the terms of this Agreement does not and will not breach any agreement I have entered into, or will enter into, with any third party, including without limitation any agreement to keep in confidence proprietary information or materials acquired by me in confidence or in trust prior to or during the Relationship. I will not disclose to the Company or use any inventions, confidential or non-public proprietary information or material belonging to any previous client, employer or any other party. I will not induce the Company to use any inventions, confidential or non-public proprietary information, or material belonging to any previous client, employer or any other party. I represent and warrant that I have listed on Exhibit A all agreements (e.g., non-competition agreements, non-solicitation of customers agreements, non-solicitation of employees agreements, confidentiality agreements, inventions agreements, etc.), if any, with a current or former client, employer, or any other person or entity, that may restrict my ability to accept employment with the Company or my ability to recruit or engage customers or service providers on behalf of the Company, or otherwise relate to or restrict my ability to perform my duties for the Company or any obligation I may have to the Company. I shall not enter into any written or oral agreement that conflicts with the provisions of this Agreement.

c. **Voluntary Execution.** I certify and acknowledge that I have carefully read all of the provisions of this Agreement, that I understand and have voluntarily accepted such provisions, and that I will fully and faithfully comply with such provisions.

11. **Electronic Delivery.** Nothing herein is intended to imply a right to participate in any of the Company's equity incentive plans, however, if I do participate in such plan(s), the Company may, in its sole discretion, decide to deliver any documents related to my participation in the Company's equity incentive plan(s) by electronic means or to request my consent to participate in such plan(s) by electronic means. I hereby consent to receive such documents by electronic delivery and agree, if applicable, to participate in such plan(s) through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

12. **Miscellaneous.**

a. **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state I primarily perform services in for the Company, without giving effect to principles of conflicts of law.

b. **Entire Agreement.** This Agreement sets forth the entire agreement and understanding between the Company and me relating to its subject matter and merges all prior discussions between us. No amendment to this Agreement will be effective unless it is in writing and is signed by both parties to this Agreement. The Company shall not be deemed hereby to have waived any rights or remedies it may have in law or equity, nor to have given any authorizations or waived any of its rights under this Agreement, unless, and only to the extent, it does so by a specific writing signed by a duly authorized officer of the Company, it being understood that, even if I am an officer of the Company, I will not have authority to give any such authorizations or waivers for the Company under this Agreement without specific approval by the Board of Directors of the Company. Any subsequent change or changes in my duties, obligations, rights or compensation will not affect the validity or scope of this Agreement.

c. **Successors and Assigns.** This Agreement will be binding upon my heirs, executors, administrators and other legal representatives, and my successors and assigns, and will be for the benefit of the Company, its successors, and its assigns.

d. **Notices.** All notices, requests, demands, letters, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally, mailed, certified or registered mail with postage prepaid, sent by next-day or overnight mail or delivery, or sent by fax or email, as follows:

(i) If to the Company:

Skillz Inc.
6625 Badura Ave
Las Vegas, NV, 89118
Attention: Andrew Dahlinghaus, General Counsel
adahlinghaus@skillz.com and legal@skillz.com

(ii) If to you, to your last known home address,

or to such other person or address as any party shall specify by notice in writing to the Company.

All such notices, requests, demands, letters, waivers and other communications shall be deemed to have been received (w) if by personal delivery on the day after such delivery, (x) if by certified or registered mail, on the fifth business day after the mailing thereof, (y) if by next-day or overnight mail or delivery, on the day delivered, or (z) if by fax or email, on the day delivered, provided that such delivery is confirmed.

e. **Severability.** If one or more of the provisions in this Agreement are deemed void or unenforceable to any extent in any context, such provisions shall nevertheless be enforced to the fullest extent allowed by law in that and other contexts, and the validity and force of the remainder of this Agreement shall not be affected. The Company and I have attempted to limit my right to use, maintain and disclose the Company's Confidential Information, and to limit my right to solicit employees and customers only to the extent necessary to protect the Company from unfair competition. Should a court of competent jurisdiction determine that the scope of the covenants contained in Section 8 exceeds the maximum restrictiveness such court deems reasonable and enforceable, the parties intend that the court should reform, modify and enforce the provision to such narrower scope as it determines to be reasonable and enforceable under the circumstances existing at that time.

f. **Remedies.** I acknowledge that violation of this Agreement by me may cause the Company irreparable harm, and therefore I agree that the Company will be entitled to seek extraordinary relief in court, including, but not limited to, temporary restraining orders, preliminary injunctions and permanent injunctions without the necessity of posting a bond or other security (or, where such a bond or security is required, that a \$1,000 bond will be adequate), in addition to and without prejudice to any other rights or remedies that the Company may have for a breach of this Agreement.

g. **Advice of Counsel.** I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS

AGREEMENT. THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF.

h. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile or scanned copy will have the same force and effect as execution of an original, and a facsimile or scanned signature will be deemed an original and valid signature.

The parties have executed this Confidential Information and Invention Assignment Agreement on the respective dates set forth below, to be effective as of the Effective Date first above written.

THE COMPANY:

SKILLZ INC.



Andrew Paradise
Chief Executive Officer

Address:
Skillz Inc.
6625 Badura Ave
Las Vegas, NV, 89118
legal@skillz.com
United States

EMPLOYEE

NIKUL PATEL

(PRINT NAME)


97EC404439374B1...
(Signature)

Address:

675 Blackwell Bend, Alpharetta, Georgia 30004,
United States

Email: npatel-ext@skillz.com

Date 3/11/2024

EXHIBIT A

LIST OF PRIOR INVENTIONS
AND ORIGINAL WORKS OF AUTHORSHIP
EXCLUDED UNDER SECTION 4(a) AND CONFLICTING AGREEMENTS DISCLOSED UNDER
SECTION 10(b)

The following is a list of (i) all Inventions that, as of the Effective Date: (A) have been created by me or on my behalf, and/or (B) are owned exclusively by me or jointly by me with others or in which I have an interest, and that relate in any way to any of the Company's actual or proposed businesses, products, services, or research and development, and which are not assigned to the Company hereunder and (ii) all agreements, if any, with a current or former client, employer, or any other person or entity, that may restrict my ability to accept employment with the Company or my ability to recruit or engage customers or service providers on behalf of the Company, or

otherwise relate to or restrict my ability to perform my duties for the Company or any obligation I may have to the Company:

Title	Date	Identifying Number or Brief Description
N/A		

I have no inventions, improvements and/or original works to disclose.

EMPLOYEE

Nikul Patel

(PRINT NAME)


(Signature)

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EXHIBIT B

California-Based Employees:

Section 2870 of the California Labor Code is as follows:

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

Delaware-Based Employees

Title 19, section 805 of the Delaware Code is as follows:

Any provision in an employment agreement which provides that the employee shall assign or offer to assign any of the employee's rights in an invention to the employee's employer shall not apply to an invention that the employee developed entirely on the employee's own time without using the employer's equipment, supplies, facility or trade secret information, except for those inventions that:

(1) Relate to the employer's business or actual or demonstrably anticipated research or development; or

(2) Result from any work performed by the employee for the employer.

To the extent a provision in an employment agreement purports to apply to the type of invention described, it is against the public policy of this State and is unenforceable. An employer may not require a provision of an employment agreement made unenforceable under this section as a condition of employment or continued employment.

Illinois-Based Employees

Chapter 765, Section 1060/2 of the Illinois Compiled Statutes is as follows:

(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this State and is to that extent void and unenforceable. The employee shall bear the burden of proof in establishing that his invention qualifies under this subsection.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this Section as a condition of employment or continuing employment. This Act shall not preempt existing common law applicable to any shop rights of employers with respect to employees who have not signed an employment agreement.

(3) If an employment agreement entered into after January 1, 1984, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the

time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer.

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Kansas-Based Employees

Sections 44-130 of the Kansas Labor and Industries Code is as follows:

(a) Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer shall not apply to an invention for which no equipment, supplies, facilities or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless:

(1) The invention relates to the business of the employer or to the employer's actual or demonstrably anticipated research or development; or

(2) the invention results from any work performed by the employee for the employer.

(b) Any provision in an employment agreement which purports to apply to an invention which it is prohibited from applying to under subsection (a), is to that extent against the public policy of this state and is to that extent void and unenforceable. No employer shall require a provision made void and unenforceable by this section as a condition of employment or continuing employment.

(c) If an employment agreement contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer shall provide, at the time the agreement is made, a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless:

(1) The invention relates directly to the business of the employer or to the employer's actual or demonstrably anticipated research or development; or

(2) The invention results from any work performed by the employee for the employer.

(d) Even though the employee meets the burden of proving the conditions specified in this section, the employee shall disclose, at the time of employment or thereafter, all inventions being developed by the employee, for the purpose of determining employer and employee rights in an invention.

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Minnesota-Based Employees

Section 181.78 of the Minnesota Labor, Industry Code is as follows:

Subdivision 1. Inventions not related to employment. Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer shall not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, and (1) which does not relate (a) directly to the business of the employer or (b) to the employer's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

Subd. 2. Effect of subdivision 1. No employer shall require a provision made void and unenforceable by subdivision 1 as a condition of employment or continuing employment.

Subd. 3. Notice to employee. If an employment agreement entered into after August 1, 1977 contains a provision requiring the employee to assign or offer to assign any of the employee's rights in any invention to an employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, and (1) which does not relate (a) directly to the business of the employer or (b) to the employer's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the employee for the employer.

New Jersey-Based Employees:

Title 34, section 1B-265 of the New Jersey Statutes is as follows:

a. (1) Any provision in an employment contract between an employee and employer, which provides that the employee shall assign or offer to assign any of the employee's rights to an invention to that employer, shall not apply to an invention that the employee develops entirely on the employee's own time, and without using the employer's equipment, supplies, facilities or information, including any trade secret information, except for those inventions that:

(a) relate to the employer's business or actual or demonstrably anticipated research or development; or

(b) result from any work performed by the employee on behalf of the employer.

(2) To the extent any provision in an employment contract applies, or intends to apply, to an employee invention subject to this subsection, the provision shall be deemed against the public policy of this State and shall be unenforceable.

b. No employer shall require a provision made void and unenforceable by this act as a condition of employment or continued employment. Nothing in this act shall be construed to forbid or restrict the right of an employer to provide in contracts of employment for:

(1) disclosure, provided that any disclosure shall be received in confidence, of all of an employee's inventions made solely or jointly with others during the term of the employee's employment;

(2) a review process by the employer to determine any issues that may arise; and

(3) full title to certain patents and inventions to be in the United States, as required by contracts between the employer and the United States or any of its agencies.

c. Nothing in this act shall be deemed to impede or otherwise diminish the rights of alienation of inventors or patent-owners.

North Carolina-Based Employees:

Section 66-57.1-2 of the North Carolina General Statutes is as follows:

Any provision in an employment agreement which provides that the employee shall assign or offer to assign any of his rights in an invention to his employer shall not apply to an invention that the employee developed entirely on his own time without using the employer's equipment, supplies, facility or trade secret information except for those inventions that (i) relate to the employer's business or actual or demonstrably anticipated research or development, or (ii) result from any work performed by the employee for the employer. To the extent a provision in an employment agreement purports to apply to the type of invention described, it is against the public policy of this State and is unenforceable. The employee shall bear the burden of proof in establishing that his invention qualifies under this section.

(a) An employer may not require a provision of an employment agreement made unenforceable under G.S. 66-57.1 as a condition of employment or continued employment. An employer, in an employment agreement, may require that the employee report all inventions developed by the employee, solely or jointly, during the term of his employment to the employer, including those asserted by the employee as nonassignable, for the purpose of determining employee or employer rights.

(b) An employer's ownership of an employee's invention, discovery, or development that has or becomes vested in the employer by contract or by operation of law shall not be subject to revocation or rescission in the event of a dispute between the employer and employee concerning payment of compensation or benefits to the employee, subject to any contrary provision in the employee's written employment agreement. The foregoing provision shall not apply where the employee proves that the employer acquired ownership of the employee's invention, discovery, or development fraudulently.

(c) If required by a contract between the employer and the United States or its agencies, the employer may require that full title to certain patents and inventions be in the United States.

Utah-Based Employees

Section 34-39-3 of the Utah Code is as follows:

(1) An employment agreement between an employee and his employer is not enforceable against the employee to the extent that the agreement requires the employee to assign or license, or to offer to assign or license, to the employer any right or intellectual property in or to an invention that is:

- (a) created by the employee entirely on his own time; and
- (b) not an employment invention.

(2) An agreement between an employee and his employer may require the employee to assign or license, or to offer to assign or license, to his employer any or all of his rights and intellectual property in or to an employment invention.

(3) Subsection (1) does not apply to:

- (a) any right, intellectual property or invention that is required by law or by contract between the employer and the United States government or a state or local government to be assigned or licensed to the United States; or
- (b) an agreement between an employee and his employer which is not an employment agreement.

(4) Notwithstanding Subsection (1), an agreement is enforceable under Subsection (1) if the employee's employment or continuation of employment is not conditioned on the employee's acceptance of such agreement and the employee receives a consideration under such agreement which is not compensation for employment.

(5) Employment of the employee or the continuation of his employment is sufficient consideration to support the enforceability of an agreement under Subsection (2) whether or not the agreement recites such consideration.

(6) An employer may require his employees to agree to an agreement within the scope of Subsection (2) as a condition of employment or the continuation of employment.

(7) An employer may not require his employees to agree to anything unenforceable under Subsection (1) as a condition of employment or the continuation of employment.

(8) Nothing in this chapter invalidates or renders unenforceable any employment agreement or provisions of an employment agreement unrelated to employment inventions.

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Washington-Based Employees

RCW 49.44.140 of the Revised Code of Washington is as follows:

(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this section as a condition of employment or continuing employment.

(3) If an employment agreement entered into after September 1, 1979, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer.

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EXHIBIT C

TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, laboratory notebooks, flow charts, materials, equipment, other documents or property, or copies or reproductions of any aforementioned items belonging to Skillz Inc., a Delaware corporation, its subsidiaries, affiliates, successors or assigns (collectively, the "Company").

I further certify that I have complied with all the terms of the Company's Confidential Information and Invention Assignment Agreement (the "Confidentiality Agreement") signed by me, including the reporting of any Inventions (as defined therein), conceived or made by me (solely or jointly with others) covered by the Confidentiality Agreement, and I acknowledge my continuing obligations under the Confidentiality Agreement.

I further agree that, in compliance with the Confidentiality Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants or licensees.

I further agree that for twelve (12) months immediately following the termination of my Relationship with the Company, I shall not either directly or indirectly solicit any of the Company's employees or consultants to terminate or reduce their relationship with the Company or attempt to solicit employees or consultants of the Company, either for myself or for any other person or entity.

Further, I agree that I shall not either directly or indirectly influence any of the Company's clients or customers from purchasing Company products or services or to solicit or influence or attempt to influence any client, customer or other business partner or person either directly or indirectly, to direct any purchase of products and/or services to any person, firm, corporation, institution or other entity in competition with the business of the Company or to sever, modify, reduce, or in any way alter their business or contractual relationship with the Company.

EMPLOYEE

(PRINT NAME)

(Signature)

Address:

Email: _____

Date

Developer Terms and Conditions of Service

Updated as of May 1, 2025

Hello and welcome to Skillz. We're glad to have you on our team. These Developer Terms and Conditions of Service ("Developer Terms") will help ensure we're all able to achieve more together.

Guiding Principles

When reviewing our Developer Terms, please keep in mind our two guiding principles:

- We love gaming and have a deep respect for game creators. We work hard to support developers in unlocking economic opportunity through their craft, in a way that's beneficial for everyone.
- Our players and their experience are very important to us. We take multiple steps to ensure fair play across our platform so that players can thrive, win and enjoy the thrill of competition.

Terms and Conditions

These Developer Terms define the relationship between SKILLZ Inc. together with its subsidiary, Skillz Platform Inc. (collectively, "Skillz") and you, the person registering for developer services and the organization or entity that has authorized you to register for developer services, including any subsidiaries and controlled affiliates of such organization or entity (as applicable, you and they collectively being the "Company" or "you" in these Developer Terms). By clicking "I Agreed and Accepted" at the end of these Developer Terms, and in creating a developer account, you for yourself and the organization you represent agree that (i) you have read, understand, agree to, and accept these Developer Terms and agree to be bound by these Developer Terms and all terms, policies and guidelines incorporated in these Developer Terms by reference (collectively, the "Agreement"); and (ii) you are at least eighteen (18) years old. If you do not agree to be bound by this Agreement, you must not create a developer account nor use the Monetization Services (as defined below) in any way, and you must check the button indicating non-acceptance. The Monetization Services are offered to you/Company conditioned on your acceptance without modification of this Agreement. The date of your acceptance of these Developer Terms is the "Effective Date" of the Agreement.

Skillz may modify the Agreement at any time by posting such modifications to the Skillz website (<https://skillz.com/legal>) and Company's account homepage. Modifications will be effective either upon such posting, or, if Skillz informs Company by email, when Skillz sends that email. Changes will not apply retroactively and generally will become effective 14 days after they are posted or, if emailed, at the time Skillz sends that email unless Skillz indicates a different effective date. If Company does not agree to any

modified terms in the Agreement, Company must terminate this Agreement and stop using the Monetization Services.

BACKGROUND

Skillz designs and provides online, real-money, tournament-based competitions (“Competitions”) to developers who wish to enable users of their gaming applications to participate in such Competitions. Company has developed one or more games (each a, “Game”) and wishes to modify at least one Game to enable the end users who register for such Game via the Skillz platform (“Users”) to participate in Competitions. Skillz is willing to license its software developer kit (together with all content thereof, and all updates, enhancements, modifications and derivative works thereof, including updates, upgrades or error corrections, the “SDK”) to Company to allow Company to modify its Game(s) to enable Users to participate in Competitions, and to establish and maintain Competitions that are specific to the Game, all in accordance with this Agreement. Skillz and Company agree to the following:

1. MONETIZATION SERVICES

1.1. Services. Upon deployment of the Modified Game (defined in Section 2) in a live production environment and subject to the terms and conditions of this Agreement, Skillz shall (i) establish and manage Competitions through its proprietary online, hosted monetization platform (“Monetization Platform”) by creating Game tournaments, facilitating User-entry into Competitions, managing and hosting Users’ Competition accounts, collecting User entry fees, distributing User payouts, resolving User disputes pertaining to his/her participation in Competitions, and providing all tiers of customer support for User inquiries related to the Competitions (but not related to the Game) and/or (ii) provide Company with access to reporting data that details activity under such Competitions, including the number of tournaments played, User actions, and related revenue (“Competition Data”) (provision of the Monetization Platform and the Competition Data are collectively referred to as “Monetization Services”). Skillz may modify, enhance, update or provide appropriate replacements for Monetization Services or any element thereof at any time, and remove functionalities or features of the Monetization Services at any time, and Skillz may suspend or stop providing Monetization Services altogether. The Monetization Services apply on an individual Modified Game basis, even if Company has more than one Modified Game deployed permitting Users to participate in Competitions.

1.2. SDK License and Limits on License. Skillz grants to Company during the Term a limited, non-exclusive and non-transferable license to install, run and copy the SDK solely for the limited purpose of modifying each Game to enable Skillz to provide Monetization Services with respect to such Game. This license does not include the right to reproduce the SDK, the Monetization Platform or the Monetization Services, or to sublicense, resell, or distribute the foregoing. Company shall not allow any third party to access the Monetization Services. Company shall not itself and shall not allow any third party to (i) decompile, disassemble, or otherwise reverse engineer or attempt to

reconstruct or discover any source code or underlying ideas, user interface techniques or algorithms, file formats or programming or interoperability interfaces of the Monetization Services, the SDK or any portion thereof, (ii) remove any product identification, copyright or other notices, (iii) modify the Monetization Services or the SDK or incorporate the Monetization Services or SDK into or with other software or services or make derivative works thereof, (iv) take any action that would cause the Monetization Services or the SDK to be placed in the public domain, or (v) thwart, undermine, or hamper the Monetization Services, or take actions that decrease the User base, in respect of individual Modified Games by promoting, advertising, or marketing or cross-marketing other games or commercial ventures “in-Game” or otherwise in association with a Modified Game unless authorized to do so by Skillz. Failure to abide by these limits is deemed a material breach of this Agreement and grounds for suspension under Section 1.3 below and/or revocation of Company’s developer account. All rights not expressly granted to Company herein are expressly reserved by Skillz, and nothing in this Agreement will be deemed to grant, by implication or estoppel, a license under any of Skillz’s or its licensors’ existing or future rights in or to the SDK, Monetization Platform or Competition Data.

1.3. Suspension; No Prohibited Advertisements. Company may suspend its User’s access to and/or participation in a Modified Game’s Competitions at any time in its sole discretion and upon notice to Skillz. Skillz may suspend or terminate provision of Monetization Services or part thereof (including without limitation provision of Competitions) at any time in its sole discretion upon notice to Company. Company may display advertisements preceding, following, or during any virtual currency tournament-based competitions in respect of an individual Modified Game that promote that Game and do not include a real money entry fee. Skillz reserves the right to provide separate mandatory advertising policy elaborating permitted advertising under this Section, which will be deemed to form part of this Agreement, and non-compliance with which would be a breach of this Agreement. For any Modified Game that Skillz is contributing or utilizing any capital to promote such Modified Game or acquire, promote, obtain or market to any potential users, Company shall not display and is expressly prohibited to display or communicate, in connection with a Modified Game, any content that promotes or references other games or commercial ventures of Company (outside of that Modified Game) or any third party product or service or any hyperlinked content (collectively, “Prohibited Advertisements”). Skillz may immediately suspend all Monetization Services (including payment of any unpaid amounts to Company) across all Games of Company or part thereof in the event that Company or its representatives engage in any manner of Prohibited Advertisements. Skillz will have no liability to Company as a result of any such suspension.

1.4. Promotion. Skillz and the entities that participate in Skillz’s affiliate program (“Affiliates”) may use Company’s name, trademarks and logos for the purpose of indicating that Company is a client of Skillz in Skillz’s and its Affiliates’ advertising, marketing or other promotional materials, and Skillz and its Affiliates may identify the Company and the Modified Game as part of Skillz’ network and as needed to give effect to these Developer Terms.

1.5. User Information. As a condition to access to Competitions, each User shall be required to read and agree to the User Terms and Conditions of Service or similar terms provided by Skillz from time to time ("Terms of Use"). Skillz may suspend or terminate any User's access to a Competition, in Skillz's sole discretion. Skillz may collect and store personally identifiable information from Users in providing Monetization Services, in which case Skillz will comply with all applicable laws and its then-current privacy policy (see <https://skillz.com/privacy-policy>). Skillz may collect anonymous aggregated and/or statistical data reflecting Company's and Users' use of Monetization Services and may use such data for tracking, reporting and other activities in connection with Skillz's business. Skillz will not (i) sell personally identifiable User data to any third party, nor (ii) aggregate or present User data in a form or manner that would permit a third party to identify any individual's personal information or identify the data as associated with Company or the Game. Skillz will endeavor to resolve User disputes regarding participation in Competitions. If there is a dispute between Company and a User apart from Monetization Services, however, Skillz is under no obligation to become involved, and Company will manage such dispute or disagreement directly. Company will not make any claims against Skillz with respect to Company's User dealings.

1.6. Exclusivity. From the Effective Date through the later of either (i) the first anniversary of the Effective Date (even if such anniversary occurs after termination of this Agreement); or (ii) ninety (90) days after termination or expiration of this Agreement, Company shall not enter into any agreement with any third party that provides services similar to the Monetization Services or Monetization Platform, nor will Company offer to customers any in-Game competition functionality similar to the Monetization Services or Monetization Platform.

1.7. Restricted Use. To maintain User trust, Company and Company's affiliates and their respective officers, directors, managers, partners, employees (and their immediate family members) and agents may not enter tournament-based competitions against Users in the Modified Game.

2. COMPANY OBLIGATIONS AND RESTRICTIONS

Company shall modify and upload the Game(s) through the SDK and developer.skillz.com ("Modified Game"). Skillz may review each Modified Game and determine, in Skillz's sole discretion, if the Modified Game is eligible for the Monetization Services. Company represents and warrants that it owns or has all necessary rights to the Game and its content and components ("Content") in order to allow both parties to perform this Agreement. Company represents and warrants that the Game and Content shall not contain, or contain links to, content which is unlawful, libelous, defamatory, contrary to public policy, or which contains Prohibited Advertisements. Skillz may suspend or terminate provision of Monetization Services or part thereof (including without limitation provision of Competitions) at any time should a Modified Game be alleged or found to be in violation of this Section 2. Violation of this Section 2 may result in impact to Company revenue based on the impact, and may, in Skillz' sole discretion, result in revocation of Company's developer account.

3. REVENUE SHARE

At Skillz, we passionately operate with fairness so everyone can win. This philosophy extends to our revenue share terms, which provide a sliding scale of revenue, based on an individual developer's contributions to the network. The more players engaging in real-money play your game brings to the network, the more revenue you earn.

On a monthly basis, Skillz shall, as part of Monetization Services for each Modified Game, pay Company a percentage (the "Company Revenue Percentage") of the aggregate entry fees paid by Users within such Modified Game less a percentage (the "Company Tax Percentage") of Taxes incurred by Skillz which are directly attributable to Competitions and Users within such Modified Game. The Company Revenue Percentage and Company Tax Percentage will correspond to the highest Tier achieved by such Modified Game during the trailing three-month period ending with the applicable month. The Tier for each Modified Game shall be determined by the number of new User installations of such Modified Game from all sources within a particular month and the number of New Paid Users within such Modified Game during such month as reflected in the below schedule. A New Paid User (NPU) is defined as a player that, having deposited U.S. Dollars into their Account, subsequently plays in a Competition that requires an entry paid in U.S. Dollars ("Cash Competition") in the Modified Game. "Taxes" for purposes of this provision means all taxes imposed on Skillz by any governmental authority (whether national, state, provincial, regional, local or any other subdivision) in connection with the provision of the Monetization Services to Company and shall be prorated if imposed in connection with multiple developers to reflect that portion of the Taxes attributable to Company. For each Modified Game, the Company's "Net Revenue Share" is (a) the Company's Revenue Percentage multiplied by the aggregate entry fees, less (b) the Company Tax Percentage multiplied by Taxes ("Company Tax Allocation").

Tier	Revenue as Percentage of Entry Fees	Effective Revenue and Cost Share	Install Threshold	New Paid User Threshold
Skillz-Powered	2.85%	35.625%		
A	4.00%	50%	0	0
B	4.45%	55.625%	1,000	30
C	5.00%	62.5%	10,000	300
D	6.70%	83.75%	35,000	1,050
E	7.50%	100%	350,000 and more	10,500 and more

For illustrative purposes only:

- If, with respect to a Modified Game during a particular month, there were 20,000 new User installations of such Modified Game, and 200 New Paid Users, the Modified Game would achieve Tier B for that Month.
- If a Modified Game achieves Tier A in January, Tier B in February and Tier A in March, with respect to March revenue, the highest Tier achieved during the three-month trailing period would be Tier B; therefore, the Company Revenue

Percentage and Company Expense Percentage to be applied to March entry fees would be 4.45% and 55.625%, respectively.

- If, in November, a Modified Game has \$100,000 in entry fees, and the best performance of the Modified Game in any one month within the September, October and November time period was 200,000 new User installations and 400 New Paid Users, that would result in a Tier C ranking for the November revenue share. ($\$100,000 * 5.00\%$, less 62.5% of Taxes)

If Company's Tax Allocation exceeds the corresponding Revenue Share in any given month (the excess Tax Allocation, "Tax Overage"), Skillz will carry-forward the Tax Overage to the immediately following month(s) and deduct such amount from subsequent Revenue Share in arriving at Net Revenue Share payments. In no event will Company pay Skillz any amounts in respect of Revenue Share or Tax Allocation. For Net Revenue Share that exceeds two hundred fifty dollars (\$250) in any given calendar month, Skillz shall pay Company the Net Revenue Share within forty-five (45) days following the end of the calendar month with respect to which the Net Revenue Share pertains. For Net Revenue Share that does not exceed two hundred fifty dollars (\$250) in any given calendar month, Skillz will accrue and hold such Net Revenue Share until either the aggregate Net Revenue Share held exceeds two hundred fifty dollars (\$250), at which time Skillz will pay Company such Net Revenue Share in the next-occurring calendar month, or at the time that this Agreement is terminated, at which time Skillz will pay Company such Net Revenue Share.

4. COMPANY INFORMATION

Company shall provide Skillz with access to Company's Game/Modified Game information and data to enable Skillz to perform Monetization Services. Company is responsible for ensuring all such Game information is accurate, and acknowledges that Skillz may rely upon such information without investigation, and is not responsible for any inaccuracies therein, or for Skillz's reliance upon Company's instructions. Company shall notify Skillz immediately if Company receives complaints related to the Monetization Services. If any error results from incorrect input supplied by Company, Company shall be responsible for discovering and reporting such error to Skillz and supplying all information necessary to correct such error at the earliest possible time.

5. CONFIDENTIAL INFORMATION

"Confidential Information" means this Agreement, and all confidential or proprietary information disclosed by one party ("Disclosing Party") to the other party ("Receiving Party") hereunder, including information which is orally or visually disclosed to the Receiving Party including, but not limited to, upcoming feature releases, service logic, contract terms, and player data (such as geolocation, cash balance, Skillz level, game level, and account status). The Receiving Party shall: (a) not use any of the Disclosing Party's Confidential Information for any purpose except in performance of its rights and obligations hereunder; (b) disclose the Disclosing Party's Confidential Information only to its employees or contractors who need to know such information in order to carry out

obligations hereunder, and certifies that such individuals have previously agreed, either as a condition to employment or in order to obtain the Confidential Information, to be bound by terms and conditions substantially similar to those of this Section; and (c) treat all of the Disclosing Party's Confidential Information with the same degree of care as it accords its own Confidential Information of a similar nature, but in no case less than reasonable care. The forgoing obligations shall continue for a period of five (5) years following termination of this Agreement. The Receiving Party shall have no obligation with respect to information of the Disclosing Party which (i) was rightfully in possession of or known to the Receiving Party without any obligation of confidentiality prior to receiving it from the Disclosing Party as evidenced by the Receiving Party's contemporaneous written records; (ii) is, or subsequently becomes, legally and publicly available without breach of this Agreement or wrongful act by the Receiving Party; or (iii) is rightfully obtained by the Receiving Party from a source other than the Disclosing Party without any obligation of confidentiality. The Receiving Party may disclose the Disclosing Party's Confidential Information to the extent required by a valid order of a court or government agency having jurisdiction, provided that the Receiving Party provides prior written notice to the Disclosing Party of such obligation and the opportunity to oppose such disclosure. Upon written demand of the Disclosing Party, the Receiving Party shall cease using the Disclosing Party's Confidential Information and return the Confidential Information and all copies, notes or extracts thereof in the Receiving Party's possession to the Disclosing Party within seven (7) days of receipt of notice.

In the event a User requests Company to provide any Confidential Information about such User, Company shall direct such User to Skillz' player support team at support@skillz.com. Company consents to the delivery of such User Confidential Information to the requesting User by Skillz.

Company acknowledges and understands that the release of Confidential Information by Company may result in impact to revenue based on the severity of the disclosed Confidential Information, and may result in revocation of the Company's developer account by Skillz, in addition to any additional legal remedies that may be available.

6. DISCLAIMER

MONETIZATION SERVICES, COMPETITION DATA AND COMPETITIONS ARE MADE AVAILABLE "AS IS" AND WITHOUT WARRANTY. SKILLZ MAKES NO REPRESENTATION OR WARRANTY EXPRESS OR IMPLIED WITH RESPECT TO ANY PRODUCTS, SERVICES, INFORMATION OR TECHNOLOGY PROVIDED OR MADE AVAILABLE HEREUNDER, INCLUDING WITHOUT LIMITATION, NETWORK FAILURES, THIRD-PARTY PRODUCTS AND SERVICES, SOFTWARE PROGRAMS, AND OUTPUT OR RESULTS OF THE MONETIZATION SERVICES. SKILLZ DOES NOT WARRANT THAT THE SERVICE WILL BE UNINTERRUPTED OR ERROR FREE, NOR DOES THE COMPANY MAKE ANY WARRANTY AS TO ANY RESULTS THAT MAY BE OBTAINED BY USE OF THE SERVICE. SKILLZ DISCLAIMS ALL

IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE.

Skillz is not responsible or liable for any damage, loss, or injury resulting from, relating to or arising out of (1) use, access, or attempted use or access of Services, Digital Assets, the Software or the Website; (2) downloading any information from the Software, Services or Website; (3) Prohibited Advertisements; and/or (4) violations of this Agreement by other users. Skillz has no responsibility to enforce these terms for the benefit of any user.

Some states do not allow the disclaimer of implied warranties; as such the foregoing disclaimer may not apply to you in its entirety.

7. LIMITATIONS OF LIABILITY

TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW: (1) SKILLZ'S TOTAL AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT, WHETHER BASED ON CONTRACT, TORT OR OTHERWISE, SHALL NOT EXCEED THE LESSER OF EITHER (A) THE FEES PAID AND PAYABLE BY SKILLZ TO COMPANY DURING THE THREE (3) MONTHS IMMEDIATELY PRECEDING THE COMPANY'S FIRST CAUSE OF ACTION ARISING HEREUNDER, or (B) \$1,000; AND (2) EXCEPT FOR DAMAGES CAUSED BY A BREACH OF SECTION 1.6 OR SECTION 5, for INFRINGEMENT OR MISAPPROPRIATION OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS, AND AMOUNTS OWED BY A PARTY PURSUANT TO ITS INDEMNIFICATION OBLIGATIONS IN SECTION 8, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF DATA, LOSS OF USE, OR LOSS OF PROFITS), ARISING OUT OF OR RELATING TO THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR THEY WERE OTHERWISE FORESEEABLE.

8. INDEMNIFICATION

8.1. By Company. Company shall defend, hold harmless and indemnify Skillz, its officers, directors, employees, agents, representatives and Affiliates from and against any and all third-party claims, actions, proceedings, and suits brought against any of the foregoing persons or entities, and pay all related third party liabilities, damages, judgments, settlements, penalties, fines, costs or expenses (including, without limitation, reasonable attorneys' fees and other litigation expenses) to the extent arising out of or relating to Company's breach of Sections 1.2, 1.3, 1.6 and/or Content.

8.2. By Skillz. Skillz shall defend, indemnify, and hold Company, its officers, directors, employees, agents, representatives and Affiliates harmless from and against any and all third-party claims, actions, proceedings, and suits brought against any of the foregoing persons or entities, and pay all related third party liabilities, damages, judgments,

settlements, penalties, fines, costs or expenses (including, without limitation, reasonable attorneys' fees and other litigation expenses) to the extent arising out of or relating to a third-party claim that the Monetization Platform or SDK infringes or misappropriates such third party intellectual property right. Skillz shall have no obligation under this Section with respect to any claim based upon (i) Content or Prohibited Advertisements; (ii) modification of the SDK by Company; (iii) the combination, operation or use of the SDK with non-Skillz software program(s) or data; or (iv) use of the SDK or Monetization Platform other than in compliance with this Agreement. If any portion of the SDK or Monetization Platform, in the opinion of Skillz, is likely to or does become the subject of a claim of infringement or misappropriation, Skillz may, at its sole option and expense: (x) modify the SDK or Monetization Platform (as applicable) to be non-infringing, provided that such modification does not materially diminish the terms of usage of the Monetization Platform; (y) obtain for Company a right to continue using the SDK or Monetization Platform at no additional charge; or (z) terminate this Agreement upon notice to Company. This Section represents Skillz's sole liability, and Company's sole and exclusive remedy, regarding infringement or misappropriation of intellectual property rights.

8.3. Process. The indemnified party shall promptly notify the indemnifying party in writing of any claim covered by this Section. The indemnified party shall give the indemnifying party sole control over the defense and/or settlement of any such claim, except that the indemnifying party shall not agree to any settlement or compromise that (1) would require the indemnified party to make any payments, admit liability, or bear any obligations, or (2) does not include an unconditional release of the indemnified party, unless the indemnifying party obtains the indemnified party's prior written approval. The indemnified party shall give the indemnifying Party reasonable assistance and cooperation in such defense at the indemnifying party's expense.

8.4. Other Claims. If any U.S. governmental or regulatory agency, or any consumer resident within the U.S., brings any claim, suit or proceeding against Company alleging that the Monetization Platform (excluding the Modified Game, Content and/or Prohibited Advertisements) in the form provided by Skillz violates applicable laws, rules or regulations, then Skillz, at its own expense, shall defend (or at its option settle) such claim, suit or proceeding, and shall pay any final and non-appealable fine, penalty or judgment entered or settlement against the Company thereon; provided, however, that (a) Skillz shall not be responsible for any compromise or settlement made without its prior consent; and (b) Skillz shall have no such obligation unless Company gives Skillz prompt notice of the claim, the right to control and direct the investigation, preparation, defense and settlement of the claim, and full cooperation (at Skillz's expense), in any such investigation, preparation, defense and/or settlement.

9. TERM AND TERMINATION

This Agreement shall have an initial term of one (1) year from the Effective Date ("Initial Term") and shall automatically renew for periods of six months thereafter (each a "Renewal Term", together with the Initial Term, the "Term"). This Agreement may be

terminated by either party's convenience upon thirty (30) days written notice from the other party. This Agreement may be terminated by a party if the other party materially breaches any provision hereof and does not cure such breach within thirty (30) days of receipt of notice describing such breach. Sections 1.6, 5, 6, 7, 8, 9 and 10 and this sentence shall survive termination of this Agreement, as well as any other obligations of the parties that contemplate performance by a party following such termination. Termination of this Agreement shall automatically terminate all licenses granted in this Agreement. Upon termination of this Agreement, Company will return or destroy all materials regarding the Monetization Services and Monetization Platform in its possession or control, including deleting all references to Skillz on its website and in marketing materials.

10. MISCELLANEOUS

Nothing in this Agreement shall be deemed to create a partnership or joint venture between the parties and neither Skillz nor Company shall hold itself out as the agent of the other, except as set forth in this Agreement. Neither party shall be liable to the other for delays or failures in performance resulting from causes beyond the reasonable control of that party. Any notice required or permitted to be given by either party under this Agreement shall be in writing and shall be personally delivered or sent by a reputable overnight mail service (e.g., Federal Express), or by prepaid first class mail (certified or registered). Notices to Skillz shall be sent to Skillz Inc., Corporation Service Company, 2710 Gateway Oaks Drive, Suite 150 N, Sacramento, CA 95833, and notices to Company shall be sent to the name and physical address provided on the account page of Company's profile or, if no physical address is submitted, then to the email address provided on the account page. This Agreement shall be interpreted under the laws of the State of Delaware without regard to conflict of laws principles dictating another states' laws. The United Nations Convention for the International Sale of Goods shall not apply to this Agreement. This Agreement may not be assigned by Company without the prior written consent by Skillz. This Agreement shall be binding on permitted successors and assigns. This Agreement and its Appendix constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces all prior and contemporaneous understandings or agreements, written or oral, regarding such subject matter. This Agreement may be executed in counterparts, each of which will be considered an original, but all of which together will constitute the same instrument. All rights and remedies, whether conferred hereunder, or by any other instrument or law, unless otherwise expressly stated, will be cumulative and may be exercised singularly or concurrently. The failure of any party to enforce any of the provisions hereof will not be construed to be a waiver of the right of such party thereafter to enforce such provisions. If one or more provisions in this Agreement are ruled entirely or partly invalid or unenforceable by any court or governmental authority of competent jurisdiction, then the validity and enforceability of all provisions not ruled to be invalid or unenforceable shall remain unaffected. EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES IS A FUNDAMENTAL PART OF THE BASIS OF THE BARGAIN HEREUNDER. IF ANY

REMEDY HEREUNDER IS DETERMINED TO HAVE FAILED OF ITS ESSENTIAL PURPOSE, ALL LIMITATIONS OF LIABILITY AND EXCLUSIONS OF DAMAGES SET FORTH HEREIN SHALL REMAIN IN EFFECT TO THE MAXIMUM ALLOWED BY APPLICABLE LAW.

We look forward to raising the game with you.

Skillz Inc. Code of Business Conduct and Ethics

(as amended on November 26, 2024)

1. Introduction.

As a public company, Skillz Inc. (and, along with its affiliates, “Skillz”) has a responsibility to ensure that its filings with the Securities and Exchange Commission (the “SEC”) and other public communications are timely and accurate, and that Skillz’s internal culture reflects its values of honor, mission, collaboration, productivity, willingness, frugality, and balance. Skillz expects each of its directors, officers, and employees to take this responsibility seriously and act in accordance with the highest standards of personal and professional integrity in all aspects of their work. In addition, our Board of Directors, Chief Executive Officer and other executive officers each have a special responsibility to adhere to these principles and to ensure that a similar culture of adherence to these principles exists throughout the organization as a whole. Because of these and other responsibilities, this Code Business Conduct and Ethics (the “Code”) has been adopted to: (a) promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; (b) promote full, fair, accurate, timely and understandable disclosure in reports and documents that Skillz files with, or submits to, the SEC and in other public communications made by Skillz; (c) promote compliance with applicable governmental laws, rules and regulations; (d) promote the protection of Skillz assets, including corporate opportunities and confidential information; (e) promote fair dealing practices; (f) deter wrongdoing; and (g) ensure accountability for adherence to the Code.

This Code defines the minimum standards of business conduct and business practices with which Skillz expects you to comply in your business relationship with and professional representation of Skillz. If applicable laws and regulations are more permissive than this Code, you are expected to comply with this Code. If applicable laws and regulations are more restrictive, you must always comply with those legal requirements.

All directors, officers and employees are required to be familiar with the Code, comply with its provisions, demonstrate the highest ethical principles in all aspects of their work related to Skillz, and report any suspected violations as described below in Section 10. Skillz may change this Code at any time by posting a revised Code on Skillz’s website at <https://investors.skillz.com/governance/governance-documents>. As such, Skillz’s website should be monitored by all directors, officers, and employees regularly for changes to this Code.

2. Honest and Ethical Conduct.

Skillz’s first fundamental value of honor aligns with its policy to promote high standards of integrity by conducting its affairs honestly and ethically. Each director, officer and employee must act with integrity and observe the highest ethical standards of business conduct in their dealings with Skillz customers, suppliers, partners, service providers, competitors, employees and anyone else with whom they have contact with in the course of performing their job. This

includes the ethical handling of actual or apparent conflicts of interest (addressed in further detail in Section 3) between personal and professional relationships. At a minimum, each director, officer, and employee is expected to act with integrity by being honest and ethical while still maintaining the confidentiality of information where required or consistent with Skillz policies; by observing both the form and spirit of laws and governmental rules and regulations and accounting standards; and by adhering to a high standard of business ethics.

3. Conflicts of Interest.

A conflict of interest occurs when an individual's private interest (or the interest of a member of his or her family) interferes, or even appears to interfere, with the interests of Skillz as a whole. A conflict of interest can arise when an employee, officer or director (or a member of his or her family) takes actions or has interests that may make it difficult to perform his or her work for Skillz objectively and effectively. Conflicts of interest also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of his or her position at Skillz.

For example, Loans by Skillz to, or guarantees by Skillz of obligations of, employees or their family members are of special concern and could constitute improper personal benefits to the recipients of such loans or guarantees, depending on the facts and circumstances. Loans by Skillz to, or guarantees by Skillz of obligations of, any director, executive officer, or their family members are expressly prohibited.

Interests in other companies, including potential competitors and suppliers, that are purely for passive investment purposes, are not significant to the individual and do not include involvement in the management of the other entity are not considered conflicts unless otherwise determined by our board of directors. In addition, where an otherwise questionable relationship is disclosed to the Skillz board of directors and any necessary action is taken to ensure there will be no effect on Skillz, such relationship is not considered conflicts unless otherwise determined by our board of directors. Fidelity or service to Skillz should never be subordinated to or dependent on personal gain or advantage. Conflicts of interest should, whenever possible, be avoided. In most cases, anything that would constitute a conflict for a director, officer or employee also would present a conflict if it is related to a member of his or her family.

Whether or not a conflict of interest exists or will exist can be unclear. Persons other than directors and executive officers who have questions about a potential conflict of interest or who become aware of an actual or potential conflict should discuss the matter with, and seek a determination and prior authorization or approval from, their manager or the Head of Corporate and Securities. A manager may not authorize or approve conflict of interest matters or make determinations as to whether a problematic conflict of interest exists without first providing the Head of Corporate and Securities with a written description of the activity and seeking the Head of Corporate and Securities' written approval. If the manager is himself or herself involved in the potential or actual conflict, the matter should instead be discussed directly with the Head of Corporate and Securities. Directors and executive officers must seek

determinations and prior authorizations or approvals of potential conflicts of interest exclusively from the Audit Committee.

4. Compliance.

Directors, officers and employees should comply, both in letter and spirit, with all applicable laws, rules and regulations in the cities, states and countries in which Skillz operates. It is the personal responsibility of each director, officer and employee to adhere to the standards and restrictions imposed by those laws, rules, and regulations in the performance of their duties for Skillz, including those relating to accounting, auditing, insider trading, and laws governing securities transactions.

No director, officer or employee may purchase or sell any Skillz securities while in possession of material nonpublic information regarding Skillz, nor may any director, officer or employee purchase or sell another company's securities while in possession of material nonpublic information regarding that company. It is against Skillz policies and illegal for any director, officer or employee to use material nonpublic information regarding Skillz or any other company to obtain profit for himself or herself, or directly or indirectly "tip" others who might make an investment decision on the basis of that information. These restrictions also apply to family members, friends and associates. If you are uncertain about the legal rules involving your communication, purchase, or sale of any Skillz securities or any securities in companies that you are familiar with by virtue of your work for Skillz, you should consult with the Skillz Legal Department before making any such communication, purchase or sale.

5. Disclosure.

Skillz's periodic reports and other documents filed with the SEC, including all financial statements and other financial information, must comply with applicable federal securities laws and SEC rules. Each director, officer and employee who contributes in any way to the preparation or verification of Skillz's financial statements and other financial information must ensure that Skillz's books, records and accounts are accurately maintained, and is required to be familiar and comply with Skillz's disclosure controls and procedures, and its internal control over financial reporting, to the extent relevant to their area of responsibility. Each individual in this category must take all necessary steps to ensure that all filings with the SEC and all other public communications about the financial and business condition of Skillz provide full, fair, accurate, timely and understandable disclosure. Finally, each director, officer and employee who is involved in Skillz's disclosure process must cooperate fully with Skillz's accounting and internal audit departments, as well as Skillz's independent public accountants and counsel.

6. Protection and Proper Use of Skillz Assets.

All directors, officers and employees should protect Skillz assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on Skillz's profitability and are prohibited. All Skillz assets should be used only for legitimate business purposes. Any suspected incident of fraud or theft should be reported for investigation immediately.

The obligation to protect Skillz assets includes Skillz proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business and marketing plans, engineering ideas, designs, databases, records and any nonpublic financial data or reports. Unauthorized use or distribution of this information is expressly prohibited and could also be illegal and result in civil or criminal penalties. An important element of such protection is maintaining the confidentiality of Skillz' confidential information and other proprietary information. You must not reproduce copyrighted software, documentation, or other materials unless you are properly authorized to do so. You must observe applicable data privacy requirements. When you market directly to an end user, you must ensure the appropriate license and product terms are provided to the end user in a format sufficient to create an enforceable agreement under applicable law (for example, certain countries require contracting in hard copy format) before the sale to the end user is finalized.

7. Corporate Opportunities.

All directors, officers and employees owe a duty to Skillz to advance its interests when the opportunity arises. Directors, officers and employees are prohibited from taking for themselves personally (or for the benefit of friends or family members) opportunities that are discovered through the use of Skillz assets, property, information or position. Directors, officers and employees may not use Skillz assets, property, information or position for personal gain (including gain of friends or family members). In addition, no director, officer or employee may compete with Skillz.

8. Confidentiality.

Directors, officers and employees should maintain the confidentiality of information entrusted to them by Skillz or by its customers, suppliers or partners, except when disclosure is expressly authorized or is required or permitted by law. Confidential information includes all nonpublic information (regardless of its source) that might be of use to Skillz competitors or harmful to Skillz or its customers, suppliers or partners if disclosed.

9. Fair Dealing.

Each director, officer and employee must deal fairly and ethically with Skillz customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he or she has contact in the course of performing his or her job. No director, officer or employee may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing practice. Similarly, no director, officer, or employee should defame or disparage Skillz, make any unauthorized commitments on behalf of Skillz, or inappropriately implicate or involve Skillz in disputes with others.

10. Reporting.

All reports related to purported violations of this Code of Business Ethics will be investigated promptly, thoroughly and in accordance with the legal obligations set forth in this Code. Actions prohibited by this Code involving directors or executive officers must be reported to the Audit Committee. Actions prohibited by this Code involving anyone other than a director or executive officer must be reported to the reporting individual's direct manager or the Head of Corporate and Securities. After receiving a report of an alleged prohibited action, the Audit Committee, the manager to whom the report was made, or the Head of Corporate and Securities must promptly take all appropriate actions necessary to investigate the allegations. Confidentiality is to be maintained to the fullest extent possible. Skillz does not tolerate acts of retaliation against any director, officer or employee who makes a good faith report of known or suspected acts of misconduct or other violations of this Code.

11. Enforcement.

Skillz must ensure prompt and consistent action against violations of this Code, which includes failure to report potential violations by others. Every director, officer, and employee is obliged to fully cooperate with investigations and provide complete, accurate and truthful information. If, after investigating a report of an alleged prohibited action by a director or executive officer, the Audit Committee determines that a violation of this Code has occurred, the Audit Committee will report such determination to the Board of Directors. If, after investigating a report of an alleged prohibited action by any other person, the manager to whom the violation was reported or the Head of Corporate and Securities determines that a violation of this Code has occurred, that manager or Head of Corporate and Securities will report such determination to the General Counsel. Upon receipt of a determination that there has been a violation of this Code, the Board of Directors or the General Counsel will take such preventative or disciplinary action as it deems appropriate, including, but not limited to, reassignment, demotion, dismissal and, in the event of criminal conduct or other serious violations of the law, notification of appropriate governmental authorities.

12. Waivers.

Waivers of this Code applicable to directors and executive officers must be approved by the Audit Committee of the Skillz Board of Directors and will be publicly disclosed as required by SEC and NYSE rules. Waivers of this Code to all other employees must be approved by Skillz's General Counsel.

13. Gifts, Entertainment and Hospitality Policy

To ensure fairness and prevent conflicts of interest in business relationships, Skillz has established guidelines for gifting, entertainment, and hospitality. These should always be reasonable and serve legitimate business purposes, such as meals or promotional items, while respecting local customs. The value of the gifts received, entertainment provided and/or hospitality received should not exceed \$150.00 USD in the aggregate in any given calendar year. Cash, gift cards, vouchers, or gifts of excessive or personal value (such as luxury items) are

strictly prohibited. Any gifts, entertainment, or hospitality that surpass the established value or appear inappropriate must be reported to Senior Leadership at Skillz and documented with People Operations within 48 hours of receipt thereof. Skillz may require the disgorgement or return of the benefits received, at the discretion of the Head of People Operations.

Gifts, entertainment, and hospitality are considered reasonable if they meet all of the following conditions: (1) the total value must not exceed the limits set forth in this policy, (2) is infrequent and not part of a regular pattern, and (3) the acceptance does not imply or guarantee any business relationship with Skillz. If any one of these conditions are not met or are in doubt, it must be reported to People Operations for validation prior to acceptance.

Any gifts, entertainment, or hospitality that fall outside the limitations outlined in this policy must be refused or returned, whenever possible. If returning or refusing the gift is not feasible, the recipient must promptly notify the Senior Leadership Team at Skillz and report the gift to People Operations within 48 hours of receipt. For gifts in the form of perishable items, such as food or consumables, they should be shared in a common area accessible to all employees.

Failure to comply with this policy may result in disciplinary actions, including termination of employment.

14. Anti-Bribery and Anti-Corruption Policy

Skillz is committed to upholding the highest standards of integrity and ensuring compliance with all relevant anti-bribery and anti-corruption laws. We enforce a strict zero-tolerance policy towards bribery in any form, which includes the offering, receiving, or solicitation of bribes - whether in the form of money, gifts, entertainment or other benefits - to influence business decisions. All business activities must be conducted transparently, honestly, and based on legitimate business purposes. Skillz also expects third-party vendors, consultants, and/or contractors to adhere to these same principles. Violations of this policy may lead to disciplinary action, including termination of employment and potential legal consequences.

SKILLZ INC.

LIST OF SUBSIDIARIES (as of December 31, 2024)

Name	Jurisdiction
Skillz Platform Inc.	Delaware
Skillz Platform Canada Inc.	Canada
Skillz Casual Games, LLC	Delaware
6625 Badura Avenue LLC	Nevada
Skillz SC LLC	Delaware
Aarki Inc.	Delaware
Aarki Labs Private Limited	India
ARND CJSC	Armenia
Beijing Aarki Technology Co. Ltd.	China
Aarki LLC – Philippines Branch	Philippine
Aarki Kabushiki-Kaisha	Japan
Aarki CJSC	Armenia
Aarki (UK) Limited	United Kingdom
Aarki (HK) Limited	Hong Kong
Aarki Inc. Branch Office	Singapore
Aarki Inc. Branch Office	South Korea
Aarki (NL) B.V.	Netherlands

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated November 6, 2025, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Skillz Inc. on Form 10-K for the year ended December 31, 2024. We consent to the incorporation by reference of said reports in the Registration Statements of Skillz Inc. on Forms S-8 (File No. 333-258662 and File No. 333-253394).

/s/ GRANT THORNTON LLP

San Jose, California
November 6, 2025

**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 Annual Report on Form 10-K 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: November 6, 2025

/s/ Andrew Paradise

Andrew Paradise

Chief Executive Officer and Chairman

(Principal Executive Officer)

**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, Gaetano Franceschi, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: November 6, 2025

/s/ Gaetano Franceschi

Gaetano Franceschi

Chief Financial Officer

(Principal Financial and Accounting Officer)

**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 Annual Report on Form 10-K of Skillz Inc. (the "Company") for the period ended December 31, 2024, 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: November 06, 2025

Signed: /s/ Andrew Paradise

Andrew Paradise

Chief Executive Officer and Chairman

**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 Annual Report on Form 10-K of Skillz Inc. (the "Company") for the period ended December 31, 2024, 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: November 06, 2025

Signed: /s/ Gaetano Franceschi

Gaetano Franceschi
Chief Financial Officer

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SKILLZ INC. BOARD OF DIRECTORS

Andrew Paradise *Chief Executive Officer and Founder*
Skillz Inc.

Casey Chafkin
Former Chief Strategy Officer and Founder
Skillz Inc.

Henry Hoffman
Partner
SL Advisors

Anthony Cabot
Former Distinguished Fellow of Gaming Law
UNLV Boyd School of Law

Alex Mandel
Former Chief Financial Officer
The Influential Network Inc.

Kent Wakeford
Co-Founder and Co-Chief Executive Officer
Form Bio

SKILLZ INC. EXECUTIVE OFFICERS

Andrew Paradise
Chief Executive Officer

Nikul Patel
Interim General Counsel

Gaetano Franceschi
Chief Financial Officer

Todd Valli
Chief Accounting Officer

STOCK EXCHANGE

Skillz common stock is listed for trading on the New York Stock Exchange under the ticker symbol SKLZ.

TRANSFER AGENT

Continental Stock Transfer & Trust Company
17 Battery Place, 8th Floor
New York, NY 10004
Phone: 212-509-4000

Email: ir@skillz.com

A copy of the Company's annual report filed with the Securities and Exchange Commission (Form 10-K) will be furnished without charge to any stockholder upon written request to the name and address listed above.