

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 3, 2023

**DRAFTKINGS INC.**

(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction  
of incorporation)

**001-41379**  
(Commission  
File Number)

**87-2764212**  
(IRS Employer  
Identification No.)

**222 Berkeley Street, 5th Floor**  
**Boston, MA 02116**  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (617) 986-6744

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.0001 per share	DKNG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

**Item 2.02 Results of Operations and Financial Condition.**

On August 3, 2023, DraftKings Inc. (the “Company”) issued a press release announcing the Company’s financial results for the quarter ended June 30, 2023.

A copy of the Company’s press release is attached hereto as Exhibit 99.1 and is hereby incorporated by reference in this Item 2.02. The information and exhibit contained in this Item 2.02 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">99.1</a>	<a href="#">Press Release, dated August 3, 2023, reporting financial results for the quarter ended June 30, 2023.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 3, 2023

### **DRAFTKINGS INC.**

By: /s/ R. Stanton Dodge  
Name: R. Stanton Dodge  
Title: Chief Legal Officer and Secretary



**DraftKings Delivers Positive Adjusted EBITDA in Second Quarter; Reports Revenue of \$875 Million; Raises 2023 Revenue Guidance Midpoint by \$315 Million to \$3.5 Billion and Improves 2023 Adjusted EBITDA Guidance Midpoint by \$110 Million to (\$205) Million**

***Expects to Generate \$150 Million to \$175 Million of Adjusted EBITDA in the Fourth Quarter of 2023***

**Boston, MA - August 3, 2023**— DraftKings Inc. (Nasdaq: DKNQ) (“DraftKings” or the “Company”) today announced its second quarter 2023 financial results. The Company also posted a second quarter 2023 business update and an earnings presentation on the Investor Relations section of its website at [investors.draftkings.com](https://investors.draftkings.com).

**Second Quarter 2023 Highlights**

For the three months ended June 30, 2023, DraftKings reported revenue of \$875 million, an increase of 88% compared to \$466 million during the same period in 2022 driven primarily by continued healthy customer retention and engagement, efficient acquisition of new customers, product innovation leading to increased parlay mix and thus higher hold percentage, and improved promotional intensity.

“DraftKings produced outstanding results for the second quarter of 2023. We grew revenue at an impressive year-over-year rate, captured additional GGR share in a cost-effective manner, and maintained our focus on operational efficiency,” said Jason Robins, DraftKings’ Chief Executive Officer and Co-founder. “The positive Adjusted EBITDA that we generated in the second quarter exceeded our guidance, and we are well on our way to achieving positive Adjusted EBITDA again in the fourth quarter of 2023 and for fiscal year 2024 and beyond. We are excited by the additional product features and functionality that we are introducing leading into football season and also look forward to another successful online sportsbook launch in Kentucky this fall pending licensure and regulatory approvals.”

“We are acquiring new customers efficiently while simultaneously retaining and monetizing our existing players through rapid product innovation, less promotions, and higher hold from better bet mix,” said Jason Park, DraftKings’ Chief Financial Officer. “Our unit economics are outstanding with older states generating more than enough cash to fund investment in new states. This performance, combined with fixed costs that grew at only a mid-single digit year-over-year percentage rate in the second quarter, resulted in an inflection to positive Adjusted EBITDA that we expect will occur again in the fourth quarter and for full year 2024. As a result, we are increasing the midpoint of our fiscal year 2023 revenue guidance to \$3.5 billion from \$3.185 billion and improving the midpoint of our fiscal year 2023 Adjusted EBITDA guidance to (\$205) million from (\$315) million.”

**Continued Healthy Growth in Customer Retention, Acquisition, and Engagement**

- Monthly Unique Payers (“MUPs”) increased to 2.1 million average monthly unique paying customers in the second quarter of 2023, representing an increase of 44% compared to the second quarter of 2022. This increase reflects strong unique payer retention and acquisition across DraftKings’ Sportsbook and iGaming products as well as the expansion of its Sportsbook and iGaming products into new jurisdictions.
- Average Revenue per MUP (“ARPMUP”) was \$137 in the second quarter of 2023, representing a 33% increase compared to the same period in 2022. This increase was primarily due to improvement in the Company’s structural sportsbook hold rate and reduced promotional intensity.
- Detailed financial data and other information for the second quarter of 2023 is available in the financial statements set forth below under the caption “Financial Results.”

**Raising 2023 Revenue Guidance and Improving 2023 Adjusted EBITDA Guidance**



- DraftKings is raising its fiscal year 2023 revenue guidance to a range of \$3.46 billion to \$3.54 billion from the range of \$3.135 billion to \$3.235 billion, which the Company previously announced on May 4, 2023. The Company's updated 2023 revenue guidance range equates to year-over-year growth of 54% to 58%.
- DraftKings is also improving its fiscal year 2023 Adjusted EBITDA guidance. The Company now expects fiscal year 2023 Adjusted EBITDA of between (\$190) million and (\$220) million compared to its prior fiscal year 2023 Adjusted EBITDA guidance of between (\$290) million and (\$340) million, which the Company previously announced on May 4, 2023.
- In the fourth quarter of 2023, DraftKings expects to generate \$150 million to \$175 million of Adjusted EBITDA and nearly \$1.2 billion of revenue.
- The Company's revenue and Adjusted EBITDA guidance for fiscal year 2023 includes all the existing jurisdictions in which it is live plus Kentucky and Puerto Rico, in which it expects to launch during the guided period.

### **Mobile Sports Betting and iGaming Footprint**

- DraftKings is live with mobile sports betting in 21 states that collectively represent approximately 44% of the U.S. population.
- DraftKings is also live with iGaming in 5 states, representing approximately 11% of the U.S. population.
- DraftKings is live with its Sportsbook and iGaming products in Ontario, Canada, which represents approximately 40% of Canada's population.
- Kentucky, North Carolina, Vermont, and Puerto Rico have authorized mobile sports betting and collectively represent approximately 6% of the U.S. population. DraftKings expects to launch its Sportsbook product in Kentucky on September 28, 2023, as well as in North Carolina, Vermont, and Puerto Rico, in each case pending licensure and regulatory approvals as well as securing market access in North Carolina and Vermont.
- In 2023, 12 states that collectively represent approximately 24% of the U.S. population have either introduced legislation to legalize mobile sports betting or introduced bills that may result in sports wagering referendums during an upcoming election. In addition, 5 states that collectively represent approximately 14% of the U.S. population have either introduced legislation to legalize iGaming or introduced a bill that may result in an iGaming referendum during an upcoming election.

### **Webcast and Conference Call Details**

As previously announced, DraftKings will host a conference call and audio webcast tomorrow, Friday, August 4, 2023, at 8:30 a.m. ET, during which management will discuss the Company's results for the quarter and provide commentary on business performance. A question and answer session will follow the prepared remarks.

To listen to the audio webcast and live question and answer session, please visit DraftKings' investor relations website at [investors.draftkings.com](https://investors.draftkings.com). A live audio webcast of the earnings conference call will be available on the Company's website at [investors.draftkings.com](https://investors.draftkings.com), along with a copy of this press release, the Company's Quarterly Report on Form 10-Q, a slide presentation and a second quarter 2023 business update. The audio webcast will be available on the Company's investor relations website until 11:59 p.m. ET on September 30, 2023.



## Financial Results

DraftKings' second quarter 2023 financial results, as well as the financial results for the respective comparative period, are presented below:



**DRAFTKINGS INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except par value)

	June 30, 2023 (Unaudited)	December 31, 2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,113,715	\$ 1,309,172
Cash reserved for users	381,097	469,653
Receivables reserved for users	109,153	160,083
Accounts receivable	32,401	51,097
Prepaid expenses and other current assets	82,655	94,836
<b>Total current assets</b>	<b>1,719,021</b>	<b>2,084,841</b>
Property and equipment, net	59,934	60,102
Intangible assets, net	734,633	776,934
Goodwill	886,373	886,373
Operating lease right-of-use assets	58,349	65,957
Equity method investment	9,638	10,080
Deposits and other non-current assets	138,316	155,865
<b>Total assets</b>	<b>\$ 3,606,264</b>	<b>\$ 4,040,152</b>
<b>Liabilities and Stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 436,265	\$ 517,587
Liabilities to users	600,146	686,173
Operating lease liabilities, current portion	3,305	4,253
Other current liabilities	37,520	38,444
<b>Total current liabilities</b>	<b>1,077,236</b>	<b>1,246,457</b>
Convertible notes, net of issuance costs	1,252,420	1,251,103
Non-current operating lease liabilities	64,418	69,332
Warrant liabilities	46,286	10,680
Long-term income tax liability	69,283	69,858
Other long-term liabilities	78,130	70,029
<b>Total liabilities</b>	<b>\$ 2,587,773</b>	<b>\$ 2,717,459</b>
<b>Commitments and contingent liabilities</b>		
<b>Stockholders' equity:</b>		
Class A common stock, \$0.0001 par value; 900,000 shares authorized as of June 30, 2023 and December 31, 2022; 473,933 and 459,265 shares issued and 463,257 and 450,575 outstanding as of June 30, 2023 and December 31, 2022, respectively	\$ 46	\$ 45
Class B common stock, \$0.0001 par value; 900,000 shares authorized as of June 30, 2023 and December 31, 2022; 393,014 shares issued and outstanding as of June 30, 2023 and December 31, 2022	39	39
Treasury stock, at cost; 10,676 and 8,690 shares as of June 30, 2023 and December 31, 2022, respectively	(373,317)	(332,133)
Additional paid-in capital	6,961,454	6,750,055
Accumulated deficit	(5,606,219)	(5,131,801)
Accumulated other comprehensive income	36,488	36,488
<b>Total stockholders' equity</b>	<b>\$ 1,018,491</b>	<b>\$ 1,322,693</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,606,264</b>	<b>\$ 4,040,152</b>



**DRAFTKINGS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

(Amounts in thousands, except loss per share data)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<b>Revenue</b>	\$ 874,927	\$ 466,185	\$ 1,644,579	\$ 883,390
Cost of revenue	510,323	312,767	1,032,063	626,146
Sales and marketing	207,487	197,529	596,620	518,981
Product and technology	89,906	77,202	177,994	158,554
General and administrative	136,256	187,609	296,732	404,215
<b>Loss from operations</b>	<b>(69,045)</b>	<b>(308,922)</b>	<b>(458,830)</b>	<b>(824,506)</b>
<b>Other income (expense):</b>				
Interest income	13,411	2,590	25,206	3,391
Interest expense	(666)	(661)	(1,321)	(1,314)
(Loss) gain on remeasurement of warrant liabilities	(20,041)	14,315	(37,076)	26,996
Other income (expense), net	45	(5,573)	64	32,309
<b>Loss before income tax provision and loss from equity method investment</b>	<b>(76,296)</b>	<b>(298,251)</b>	<b>(471,957)</b>	<b>(763,124)</b>
Income tax provision (benefit)	651	(81,226)	2,019	(80,757)
Loss from equity method investment	323	78	442	2,429
<b>Net loss attributable to common stockholders</b>	<b>\$ (77,270)</b>	<b>\$ (217,103)</b>	<b>\$ (474,418)</b>	<b>\$ (684,796)</b>
<b>Loss per share attributable to common stockholders:</b>				
Basic and diluted	\$ (0.17)	\$ (0.50)	\$ (1.03)	\$ (1.61)

**DRAFTKINGS INC.**  
**NON-GAAP FINANCIAL MEASURES**  
(Unaudited)

(Amounts in thousands, except loss per share data)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Adjusted EBITDA	\$ 72,972	\$ (118,134)	\$ (148,639)	\$ (407,643)
Adjusted Income (Loss) Per Share	\$ 0.14	\$ (0.29)	\$ (0.36)	\$ (1.01)





**DRAFTKINGS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Amounts in thousands)

	Six months ended June 30,	
	2023	2022
<b>Operating Activities:</b>		
Net loss	\$ (474,418)	\$ (684,796)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	96,477	74,540
Non-cash interest (income) expense, net	(378)	931
Stock-based compensation expense	206,593	322,598
Loss from equity method investment	442	2,429
Loss (gain) on remeasurement of warrant liabilities	37,076	(26,996)
Loss (gain) on marketable equity securities and other financial assets	75	(31,808)
Deferred income taxes	1,993	(76,656)
Other expenses, net	(3,349)	(2,667)
Change in operating assets and liabilities, net of business combinations:		
Receivables reserved for users	50,930	(2,057)
Accounts receivable	19,296	9,765
Prepaid expenses and other current assets	11,257	(47,574)
Deposits and other non-current assets	(6,237)	(135)
Operating leases, net	1,457	240
Accounts payable and accrued expenses	(79,933)	(15,659)
Liabilities to users	(86,027)	(51,195)
Long-term income tax liability	(575)	(5,266)
Other long-term liabilities	6,108	5,003
<b>Net cash flows used in operating activities</b>	<b>\$ (219,213)</b>	<b>\$ (529,303)</b>
<b>Investing Activities:</b>		
Purchases of property and equipment	(9,649)	(14,457)
Cash paid for internally developed software costs	(39,287)	(29,419)
Acquisition of gaming licenses	(1,959)	(3,388)
Proceeds from marketable equity securities and other financial assets	24,425	—
Cash paid for acquisition, net of cash acquired	—	(96,507)
Other investing activities, net	(482)	(3,697)
<b>Net cash flows used in investing activities</b>	<b>\$ (26,952)</b>	<b>\$ (147,468)</b>
<b>Financing Activities:</b>		
Proceeds from shares issued for warrants	—	44
Purchase of treasury stock	(41,184)	(17,476)
Proceeds from exercise of stock options	3,336	4,901
<b>Net cash flows used in financing activities</b>	<b>\$ (37,848)</b>	<b>\$ (12,531)</b>
Net decrease in cash and cash equivalents and restricted cash	(284,013)	(689,302)
Cash and cash equivalents and restricted cash at the beginning of period	1,778,825	2,629,842
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 1,494,812</b>	<b>\$ 1,940,540</b>
<b>Disclosure of cash, cash equivalents and restricted cash:</b>		
Cash and cash equivalents	\$ 1,113,715	\$ 1,514,371
Cash reserved for users	381,097	426,169
<b>Total cash, cash equivalents and restricted cash, end of period</b>	<b>\$ 1,494,812</b>	<b>\$ 1,940,540</b>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities:</b>		
Equity consideration issued for acquisitions	\$ —	\$ 460,128
Investing activities included in changes in accounts payable and accrued expenses	\$ 637	\$ 9,425
Decrease of warrant liabilities from cashless exercise of warrants	\$ 1,470	\$ —
<b>Supplemental Disclosure of Cash Activities:</b>		
Decrease in cash reserved for users	\$ 88,556	\$ 50,781
Cash paid for interest	\$ —	\$ —



## Non-GAAP Financial Measures

This press release includes Adjusted EBITDA and Adjusted Income (Loss) Per Share, which are non-GAAP financial measures that DraftKings uses to supplement its results presented in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company believes Adjusted EBITDA and Adjusted Income (Loss) Per Share are useful in evaluating its operating performance, similar to measures reported by its publicly-listed U.S. competitors, and regularly used by security analysts, institutional investors and other interested parties in analyzing operating performance and prospects. Adjusted EBITDA and Adjusted Income (Loss) Per Share are not intended to be substitutes for any GAAP financial measures, and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry.

DraftKings defines and calculates Adjusted EBITDA as net loss before the impact of interest income or expense (net), income tax provision or benefit, and depreciation and amortization, and further adjusted for the following items: stock-based compensation; transaction-related costs; litigation, settlement and related costs; advocacy and other related legal expenses; gain or loss on remeasurement of warrant liabilities; and other non-recurring and non-operating costs or income, as described in the reconciliation below.

DraftKings defines and calculates Adjusted Income (Loss) Per Share as basic and diluted loss per share attributable to common stockholders before the impact of amortization of acquired intangible assets; stock-based compensation; transaction-related costs; litigation, settlement and related costs; advocacy and other related legal expenses; gain or loss on remeasurement of warrant liabilities; and other non-recurring and non-operating costs or income, as described in the reconciliation below.

DraftKings includes these non-GAAP financial measures because they are used by management to evaluate the Company's core operating performance and trends and to make strategic decisions regarding the allocation of capital and new investments. Adjusted EBITDA and Adjusted Income (Loss) Per Share exclude certain expenses that are required in accordance with GAAP because they are non-recurring items (for example, in the case of transaction-related costs and advocacy and other related legal expenses), non-cash expenditures (for example, in the case of amortization of acquired intangible assets, depreciation and amortization, remeasurement of warrant liabilities and stock-based compensation), or non-operating items which are not related to the Company's underlying business performance (for example, in the case of interest income and expense and litigation, settlement and related costs).



The unaudited table below presents the Company's Adjusted EBITDA reconciled to its net loss, which is the most directly comparable financial measure calculated in accordance with GAAP, for the periods indicated:

(amounts in thousands)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (77,270)	\$ (217,103)	\$ (474,418)	\$ (684,796)
Adjusted for:				
Depreciation and amortization <sup>(1)</sup>	48,264	42,315	96,477	74,540
Interest income, net	(12,745)	(1,929)	(23,885)	(2,077)
Income tax provision (benefit)	651	(81,226)	2,019	(80,757)
Stock-based compensation <sup>(2)</sup>	89,193	135,521	206,593	322,598
Transaction-related costs <sup>(3)</sup>	425	10,505	425	14,279
Litigation, settlement, and related costs <sup>(4)</sup>	4,136	2,446	6,699	4,396
Advocacy and other related legal expenses <sup>(5)</sup>	—	—	—	—
Loss (gain) on remeasurement of warrant liabilities	20,041	(14,315)	37,076	(26,996)
Other non-recurring costs and non-operating (income) costs <sup>(6)</sup>	277	5,652	375	(28,830)
<b>Adjusted EBITDA</b>	<b>\$ 72,972</b>	<b>\$ (118,134)</b>	<b>\$ (148,639)</b>	<b>\$ (407,643)</b>

- (1) The amounts include the amortization of acquired intangible assets of \$28.9 million and \$27.1 million for the three months ended June 30, 2023 and 2022, respectively, and \$58.8 million and \$46.3 million for the six months ended June 30, 2023 and 2022, respectively.
- (2) Reflects stock-based compensation expenses resulting from the issuance of awards under incentive plans.
- (3) Includes capital markets advisory, consulting, accounting and legal expenses related to evaluation, negotiation and integration costs incurred in connection with proposed, pending or completed transactions and offerings, including costs relating to DraftKings' acquisition of Golden Nugget Online Gaming, Inc. in 2022.
- (4) Primarily includes external legal costs related to litigation and litigation settlement costs deemed unrelated to DraftKings' core business operations.
- (5) Reflects non-recurring and non-ordinary course costs relating to advocacy efforts and other legal expenses in jurisdictions where DraftKings does not operate certain product offerings and is actively seeking licensure, or similar approval, for those product offerings. For the six months ended June 30, 2023 and 2022, DraftKings did not incur any such costs. This adjustment excludes (i) costs relating to advocacy efforts and other legal expenses in jurisdictions where DraftKings does not operate that are incurred in the ordinary course of business and (ii) costs relating to advocacy efforts and other legal expenses incurred in jurisdictions where related legislation has been passed and DraftKings currently operates.
- (6) Primarily includes the change in fair value of certain financial assets, as well as the Company's equity method share of the investee's losses and other costs relating to non-recurring and non-operating items.



The unaudited table below presents the Company's Adjusted Income (Loss) Per Share reconciled to its basic loss per share attributable to the common stockholders, which is the most directly comparable financial measure calculated in accordance with GAAP, for the periods indicated:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Basic loss per share attributable to common stockholders	\$ (0.17)	\$ (0.50)	\$ (1.03)	\$ (1.61)
<i>Adjusted for:</i>				
Amortization of acquired intangible assets	0.06	0.06	0.13	0.11
Discrete tax benefit attributed to the GNOG acquisition	—	(0.18)	—	(0.18)
Stock-based compensation <sup>(1)</sup>	0.19	0.31	0.45	0.76
Transaction-related costs <sup>(2)</sup>	—	0.02	—	0.03
Litigation, settlement, and related costs <sup>(3)</sup>	0.01	0.01	0.01	0.01
Advocacy and other related legal expenses <sup>(4)</sup>	—	—	—	—
Loss (gain) on remeasurement of warrant liabilities	0.04	(0.03)	0.08	(0.06)
Other non-recurring costs and non-operating (income) costs <sup>(5)</sup>	—	0.01	—	(0.07)
<b>Adjusted Income (Loss) Per Share*</b>	<b>\$ 0.14</b>	<b>\$ (0.29)</b>	<b>\$ (0.36)</b>	<b>\$ (1.01)</b>

\* Weighted average number of shares used to calculate Adjusted Income (Loss) Per Share for the second quarter and year to date period ending June 30, 2023 was 462.4 million and 458.9 million, respectively; totals may not sum due to rounding.

- (1) Reflects stock-based compensation expenses per share resulting from the issuance of awards under incentive plans.
- (2) Reflects capital markets advisory, consulting, accounting and legal expenses per share related to evaluation, negotiation and integration costs incurred in connection with proposed, pending or completed transactions and offerings, including costs relating to DraftKings' acquisition of Golden Nugget Online Gaming, Inc. in 2022.
- (3) Primarily reflects external legal costs related to litigation and litigation settlement costs, in each case per share, deemed unrelated to DraftKings' core business.
- (4) Reflects non-recurring and non-ordinary course costs per share relating to advocacy efforts and other legal expenses in jurisdictions where DraftKings does not operate certain product offerings and is actively seeking licensure, or similar approval, for those product offerings. For the six months ended June 30, 2023 and 2022, DraftKings did not incur any such costs. This adjustment excludes (i) costs relating to advocacy efforts and other legal expenses in jurisdictions where DraftKings does not operate that are incurred in the ordinary course of business and (ii) costs relating to advocacy efforts and other legal expenses incurred in jurisdictions where related legislation has been passed and DraftKings currently operates.
- (5) Primarily includes the change in fair value of certain financial assets, as well as the Company's equity method share of the investee's losses and other costs relating to non-recurring and non-operating items, in each case per share.

Information reconciling forward-looking fiscal year 2023 Adjusted EBITDA guidance to its most directly comparable GAAP financial measure, net income (loss), is unavailable to DraftKings without unreasonable effort due to, among other things, certain items required for such reconciliations being outside of DraftKings' control and/or not being able to be reasonably predicted. Preparation of such reconciliations would require a forward-looking balance sheet, statement of income and statement of cash flow, prepared in accordance with GAAP, and such forward-looking financial statements are unavailable to the Company without unreasonable effort. DraftKings provides a range for its Adjusted EBITDA forecast that it believes will be achieved; however, the Company cannot provide any assurance that it can predict all of the components of the Adjusted EBITDA calculation. DraftKings provides a forecast for Adjusted EBITDA because it believes that Adjusted EBITDA, when viewed with DraftKings' results calculated in accordance with GAAP, provides useful information for the reasons noted above. However, Adjusted EBITDA is not a measure of financial performance or liquidity under GAAP and, accordingly, should not be considered as an alternative to net income (loss) or cash flow from operating activities or as an indicator of operating performance or liquidity.



## About DraftKings

DraftKings Inc. is a digital sports entertainment and gaming company created to fuel the competitive spirit of sports fans with products that range across daily fantasy, regulated gaming and digital media. Headquartered in Boston, and launched in 2012 by Jason Robins, Matt Kalish and Paul Liberman, DraftKings is the only U.S.-based vertically integrated sports betting operator. DraftKings' mission is to make life more exciting by responsibly creating the world's favorite real-money games and betting experiences. DraftKings Sportsbook is live with mobile and/or retail sports betting operations pursuant to regulations in 23 states and in Ontario, Canada. The Company operates iGaming pursuant to regulations in 5 states and in Ontario, Canada under its DraftKings brand and pursuant to regulations in 3 states under its Golden Nugget Online Gaming brand. DraftKings' daily fantasy sports product is available in 44 states, certain Canadian provinces and the United Kingdom. DraftKings is both an official daily fantasy and sports betting partner of the NFL, NHL, PGA TOUR and UFC, as well as an official daily fantasy partner of NASCAR, an official sports betting partner of the NBA and an authorized gaming operator of MLB. Launched in 2021, DraftKings Marketplace is a digital collectibles ecosystem designed for mainstream accessibility that offers curated NFT drops and supports secondary-market transactions. In addition, DraftKings owns and operates Vegas Sports Information Network (VSiN), a multi-platform broadcast and content company. DraftKings is committed to being a responsible steward of this new era in real-money gaming with a Company-wide focus on responsible gaming and corporate social responsibility.



## Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, including statements about the Company and its industry that involve substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this press release, including statements regarding guidance, DraftKings' future results of operations or financial condition, strategic plans and focus, user growth and engagement, product initiatives, and the objectives and expectations of management for future operations (including launches in new jurisdictions and the expected timing thereof), are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "confident," "contemplate," "continue," "could," "estimate," "expect," "forecast," "going to," "intend," "may," "plan," "potential," "predict," "project," "propose," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. DraftKings cautions you that the foregoing may not include all of the forward-looking statements made in this press release.

You should not rely on forward-looking statements as predictions of future events. DraftKings has based the forward-looking statements contained in this press release primarily on its current expectations and projections about future events and trends, including the current macroeconomic environment, that it believes may affect its business, financial condition, results of operations, and prospects. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside DraftKings' control and that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include, but are not limited to, DraftKings' ability to manage growth; DraftKings' ability to execute its business plan and meet its projections; potential litigation involving DraftKings; changes in applicable laws or regulations, particularly with respect to gaming; general economic and market conditions impacting demand for DraftKings' products and services; economic and market conditions in the media, entertainment, gaming, and software industries in the markets in which DraftKings operates; market and global conditions and economic factors including the potential adverse effects of the global coronavirus pandemic (or the emergence of additional variants or strains thereof), as well as the potential impact of general economic conditions, including inflation, rising interest rates and instability in the banking system, on DraftKings' liquidity, operations and personnel, as well as the risks, uncertainties, and other factors described in "Risk Factors" in DraftKings' filings with the Securities and Exchange Commission (the "SEC"), which are available on the SEC's website at [www.sec.gov](http://www.sec.gov). Additional information will be made available in other filings that DraftKings makes from time to time with the SEC. The forward-looking statements contained herein are based on management's current expectations and beliefs and speak only as of the date hereof, and DraftKings makes no commitment to update or publicly release any revisions to forward-looking statements in order to reflect new information or subsequent events, circumstances or changes in expectations, except as required by law.

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