



# **Business Update**

**Second Quarter 2025**

## To Our Shareholders:

DraftKings set records for revenue and Adjusted EBITDA<sup>1</sup> in the second quarter, as revenue growth accelerated to 37% year-over-year. We are pleased to be maintaining our fiscal year 2025 guidance, with revenue expected to be closer to the high end of our range, as strong underlying momentum in the business and sportsbook-friendly outcomes in the second quarter position us to absorb an exciting new state launch.

There are five key points that we are sharing today:

- First, we are in the early innings of Adjusted EBITDA growth. Product enhancements are driving strong revenue growth, while prudent cost discipline and efficiency initiatives across the organization are delivering meaningful Adjusted EBITDA Margin expansion. Our second quarter Adjusted EBITDA was over \$300 million and double our prior record. Looking ahead, we have conviction in our profitability expanding further as we drive towards our 30% Adjusted EBITDA Margin target over time.
- Second, DraftKings is positioned for success this fall for the upcoming NFL and NBA seasons. We continue to innovate our No. 1 rated Sportsbook product, delivering an experience that moves uniquely at the speed of sports. This manifests in a best-in-class live betting product, along with hyper-flexible merchandising and social features that allow customers to engage with the biggest sports narratives as they unfold in real time.
- Third, sport outcomes tend to normalize over the long term but typically benefit either the sportsbook or our customers in the short term. In May and June combined, sport outcomes benefited the Company and added \$110 million to our revenue.
- Fourth, we continue to monitor events surrounding federally-regulated Prediction Markets and are actively exploring ways to enhance shareholder value through this opportunity. As always, we value our relationships with both industry stakeholders and policy makers and will work collaboratively as we evaluate next steps.
- Fifth, we continue to allocate capital to target the highest risk-adjusted returns and maximize shareholder returns over the long-term. In the first two quarters of this year, we repurchased 6.5 million shares through our stock repurchase program while continuing to invest in organic growth initiatives.

## Second Quarter 2025 Results

We achieved records for revenue and Adjusted EBITDA due to sportsbook-friendly outcomes and continued strength across our core value drivers. Revenue increased 37% year-over-year to \$1,513 million and we generated \$301 million of Adjusted EBITDA, representing a 20% Adjusted EBITDA Margin.

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<sup>1</sup> Non-GAAP financial measure. Please refer to the end of this document for the definition of such non-GAAP financial measure and, if applicable, a reconciliation of such non-GAAP measure to its most directly comparable GAAP financial measure.

Sportsbook net revenue increased 45% year-over-year and exceeded our expectations. Net revenue margin increased over 230 basis points year-over-year and set a Company record at 8.7%.

- Sportsbook handle increased 6% year-over-year to \$11.5 billion. Live betting handle increased 16% year-over-year as we continue to innovate and extend our lead in that category.
- Structural Sportsbook hold percentage increased 100 basis points year-over-year to 10.9%. Our parlay handle mix increased 430 basis points year-over-year. Actual Sportsbook hold percentage exceeded 11.5% due to sportsbook-friendly outcomes.
- Sportsbook promotional reinvestment improved nearly 600 basis points year-over-year as a percentage of gross gaming revenue due to sportsbook-friendly outcomes and optimized promotions. We also continue to benefit from existing customers accounting for a higher percentage of our overall customer mix.

iGaming net revenue was consistent with our expectations and increased 23% year-over-year, driven by strong year-over-year growth in active iGaming customers. Gross gaming revenue from jackpots increased over 100% year-over-year, and we are continuing to see engagement with jackpots increase rapidly.

Adjusted Gross Margin<sup>2</sup> increased more than 400 basis points year-over-year to 48% as a result of higher Sportsbook hold percentage and improved promotional efficiency across our product offerings.

Our operating expenses were consistent with our expectations. We continue to leverage our scale and brand to drive highly efficient customer acquisition. We are also continuing to exert cost discipline across the organization and utilize artificial intelligence and other new technologies to enhance our operational efficiency.

## **Fiscal Year 2025 Guidance**

We are maintaining our revenue guidance range of \$6.2 billion to \$6.4 billion for fiscal year 2025. We are on track to deliver revenue closer to the high end of this range due to sportsbook-friendly outcomes in the second quarter as well as continuing strength across our core value drivers.

We are maintaining our fiscal year 2025 Adjusted EBITDA guidance range of \$800 million to \$900 million. We are on track to deliver Adjusted EBITDA near the midpoint of this range. Compared to the guidance range that we provided last quarter, our expectation for higher annual revenue positions us to absorb our anticipated mobile Sportsbook launch in Missouri.

The Company's guidance now includes anticipated financial impacts from DraftKings launching mobile sports betting in Missouri later this year.

In addition, the Company's guidance now includes anticipated financial impacts from higher tax rates in New Jersey, Louisiana, and Illinois.

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<sup>2</sup> Non-GAAP financial measure. Please refer to the end of this document for the definition of such non-GAAP financial measure and, if applicable, a reconciliation of such non-GAAP measure to its most directly comparable GAAP financial measure.

The Company's guidance for fiscal year 2025 does not include the potential launch of a Prediction Markets offering.

We are also providing the following fiscal year 2025 guidance detail:

- We now expect our Sportsbook net revenue margin to exceed 7.5%, ahead of the range of 7.0% to 7.5% that we had provided last quarter.
- We continue to expect an Adjusted Gross Margin of 46%, an increase of more than 300 basis points year-over-year compared to fiscal year 2024.
- We continue to expect stock-based compensation expense to represent 6% of revenue in fiscal year 2025.
- We continue to expect Free Cash Flow<sup>3</sup> of approximately \$750 million in fiscal year 2025.

Thank you for your continued support.

Sincerely,



Jason D. Robins  
Chief Executive Officer and Co-founder



Alan Ellingson  
Chief Financial Officer

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<sup>3</sup> Non-GAAP financial measure. Please refer to the end of this document for the definition of such non-GAAP financial measure and, if applicable, a reconciliation of such non-GAAP measure to its most directly comparable GAAP financial measure.

## **Webcast and Conference Call Details**

As previously announced, DraftKings will host a conference call and audio webcast tomorrow, Thursday, August 7, 2025, from 8:30 a.m. to 9:15 a.m. ET, during which management will discuss the Company's results 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 second quarter 2025 business update, our earnings press release, the Company's Quarterly Report on Form 10-Q, and a slide presentation. The audio webcast will be available on the Company's investor relations website until 11:59 p.m. ET on September 30, 2025.

## Forward-Looking Statements

This document 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 document, 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," "poised," "potential," "predict," "project," "propose," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions, or by statements of vision, strategy or outlook. DraftKings cautions you that the foregoing may not include all of the forward-looking statements made in this document.

You should not rely on forward-looking statements as predictions of future events. DraftKings has based the forward-looking statements contained in this document 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, as well as the potential impact of general economic conditions, and the potential impact of new and existing laws, regulations, or policies, including those relating to tariffs, import/export, or trade restrictions, 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.



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

	June 30, 2025 (Unaudited)	December 31, 2024
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,261,969	\$ 788,287
Restricted cash	4,616	16,499
Cash reserved for users	297,369	525,407
Receivables reserved for users	67,623	62,542
Accounts receivable	68,950	57,839
Prepaid expenses and other current assets	86,172	83,187
<b>Total current assets</b>	<b>1,786,699</b>	<b>1,533,761</b>
Property and equipment, net	53,214	50,550
Intangible assets, net	879,996	933,121
Goodwill	1,555,116	1,555,116
Operating lease right-of-use assets	69,066	74,917
Equity method investments	13,882	13,200
Deposits and other non-current assets	116,329	123,060
<b>Total assets</b>	<b>\$ 4,474,302</b>	<b>\$ 4,283,725</b>
<b>Liabilities and Stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 553,162	\$ 661,245
Liabilities to users	724,969	979,453
Operating lease liabilities, current portion	11,361	10,993
Other current liabilities	45,061	3,300
<b>Total current liabilities</b>	<b>1,334,553</b>	<b>1,654,991</b>
Convertible notes, net of issuance costs	1,257,751	1,256,429
Term B Loan, net of issuance costs	578,499	—
Operating lease liabilities	62,332	67,660
Warrant liabilities	14,205	22,033
Long-term income tax liabilities	84,328	76,375
Other long-term liabilities	133,006	195,611
<b>Total liabilities</b>	<b>\$ 3,464,674</b>	<b>\$ 3,273,099</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, 2025 and December 31, 2024; 520,537 and 504,722 shares issued and 496,051 and 489,071 outstanding as of June 30, 2025 and December 31, 2024, respectively	\$ 48	\$ 48
Class B common stock, \$0.0001 par value; 900,000 shares authorized as of June 30, 2025 and December 31, 2024; 393,014 shares issued and outstanding as of June 30, 2025 and December 31, 2024	39	39
Treasury stock, at cost; 24,486 and 15,651 shares as of June 30, 2025 and December 31, 2024, respectively	(907,739)	(563,146)
Additional paid-in capital	8,197,948	7,978,425
Accumulated deficit	(6,317,156)	(6,441,228)
Accumulated other comprehensive income	36,488	36,488
<b>Total stockholders' equity</b>	<b>\$ 1,009,628</b>	<b>\$ 1,010,626</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,474,302</b>	<b>\$ 4,283,725</b>

**DRAFTKINGS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(Amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Revenue</b>	<b>\$ 1,512,507</b>	<b>\$ 1,104,441</b>	<b>\$ 2,921,313</b>	<b>\$ 2,279,437</b>
Cost of revenue	854,559	663,414	1,698,362	1,373,483
Sales and marketing	233,187	215,676	576,867	556,375
Product and technology	108,417	92,655	211,677	181,470
General and administrative	165,700	165,084	330,094	339,335
<b>Income (loss) from operations</b>	<b>150,644</b>	<b>(32,388)</b>	<b>104,313</b>	<b>(171,226)</b>
<b>Other income (expense):</b>				
Interest income	12,305	14,212	21,794	29,279
Interest expense	(11,640)	(678)	(16,734)	(1,327)
Gain (loss) on remeasurement of warrant liabilities	(5,851)	9,791	(3,356)	(8,303)
Other gain (loss), net	24,459	(446)	24,481	(1,181)
<b>Income (loss) before income tax and equity method</b>	<b>169,917</b>	<b>(9,509)</b>	<b>130,498</b>	<b>(152,758)</b>
Income tax provision (benefit)	11,790	(73,570)	6,190	(73,921)
(Gain) loss from equity method investments	191	239	236	(91)
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ 157,936</b>	<b>\$ 63,822</b>	<b>\$ 124,072</b>	<b>\$ (78,746)</b>
<b>Earnings (loss) per share attributable to common stockholders:</b>				
Basic	\$ 0.32	\$ 0.13	\$ 0.25	\$ (0.17)
Diluted	\$ 0.30	\$ 0.10	\$ 0.23	\$ (0.17)

**DRAFTKINGS INC.**  
**NON-GAAP FINANCIAL MEASURES**  
(Unaudited)  
(Amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Adjusted EBITDA	\$ 300,644	\$ 127,967	\$ 403,273	\$ 150,357
Adjusted Earnings (Loss) Per Share	\$ 0.38	\$ 0.22	\$ 0.50	\$ 0.27



**DRAFTKINGS INC.**  
**REVENUE DISAGGREGATION**

(Unaudited)

(Amounts in thousands, except percentages)

<i>(amounts in thousands)</i>	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
Sportsbook Handle	\$ 11,474,841	\$ 10,793,014	\$ 681,827	6.3 %
Sportsbook Revenue	997,872	686,889	310,983	45.3 %
Sportsbook Net Revenue Margin	8.7%	6.4%	N/A	N/A
Sportsbook Revenue	\$ 997,872	\$ 686,889	\$ 310,983	45.3 %
iGaming Revenue	429,660	350,552	79,108	22.6 %
Other Revenue	84,975	67,000	17,975	26.8 %
<b>Total Revenue</b>	<b>\$ 1,512,507</b>	<b>\$ 1,104,441</b>	<b>\$ 408,066</b>	<b>36.9 %</b>

<i>(amounts in thousands)</i>	Six Months Ended June 30,			
	2025	2024	\$ Change	% Change
Sportsbook Handle	\$ 25,355,232	\$ 22,794,438	\$ 2,560,794	11.2 %
Sportsbook Revenue	1,879,829	1,420,943	458,886	32.3 %
Sportsbook Net Revenue Margin	7.4%	6.2%	N/A	N/A
Sportsbook Revenue	\$ 1,879,829	\$ 1,420,943	\$ 458,886	32.3 %
iGaming Revenue	853,131	720,549	132,582	18.4 %
Other Revenue	188,353	137,945	50,408	36.5 %
<b>Total Revenue</b>	<b>\$ 2,921,313</b>	<b>\$ 2,279,437</b>	<b>\$ 641,876</b>	<b>28.2 %</b>

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

	Six Months Ended June 30,	
	2025	2024
<b>Cash Flows from Operating Activities:</b>		
Net income (loss) attributable to common stockholders	\$ 124,072	\$ (78,746)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	135,415	114,803
Non-cash interest income	(1,285)	(2,798)
Non-cash interest expense	2,224	1,327
Stock-based compensation	163,547	183,755
(Gain) loss on remeasurement of warrant liabilities	3,356	8,303
(Gain) loss from equity method investment	236	(91)
Deferred income taxes	96	(79,762)
Other non-cash (gain) loss, net	(16,422)	1,920
Change in operating assets and liabilities, net of effect of acquisitions:		
Receivables reserved for users	(5,081)	73,531
Accounts receivable	(11,111)	(14,494)
Prepaid expenses and other current assets	(2,544)	(22,698)
Deposits and other non-current assets	2,759	(179)
Operating leases, net	—	168
Accounts payable and accrued expenses	(98,441)	(82,154)
Liabilities to users	(254,484)	(148,107)
Long-term income tax liability	7,953	(1,171)
Other long-term liabilities	4,615	5,387
<b>Net cash flows provided by (used in) operating activities</b>	<b>\$ 54,905</b>	<b>\$ (41,006)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(6,963)	(5,446)
Cash paid for internally developed software costs	(60,414)	(44,072)
Cash paid for gaming market access and licenses	(2,234)	(12,695)
Cash paid for acquisitions, net of cash acquired	—	(392,013)
Other investing activities	(4,667)	(2,308)
<b>Net cash flows provided by (used in) investing activities</b>	<b>\$ (74,278)</b>	<b>\$ (456,534)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from Term B Loan, net	588,116	—
Repayment of Term B Loan principal	(1,500)	—
Purchase of treasury stock for RSU withholding	(101,852)	(57,912)
Purchase of treasury stock under Stock Repurchase Program	(242,741)	—
Proceeds from exercise of stock options	6,304	5,443
Proceeds from shares issued under Employee Stock Purchase Plan	6,900	—
Other financing activities	(2,093)	—
<b>Net cash flows provided by (used in) financing activities</b>	<b>\$ 253,134</b>	<b>\$ (52,469)</b>
Net increase (decrease) in cash and cash equivalents, restricted cash, and cash reserved for users	233,761	(550,009)
Cash and cash equivalents, restricted cash, and cash reserved for users at the beginning of period	1,330,193	1,623,493
<b>Cash and cash equivalents, restricted cash, and cash reserved for users at the end of period</b>	<b>\$ 1,563,954</b>	<b>\$ 1,073,484</b>
<b>Disclosure of cash and cash equivalents, restricted cash, and cash reserved for users</b>		
Cash and cash equivalents	\$ 1,261,969	\$ 815,880
Restricted cash	4,616	12,844
Cash reserved for users	297,369	244,760
<b>Cash and cash equivalents, restricted cash, and cash reserved for users at the end of period</b>	<b>\$ 1,563,954</b>	<b>\$ 1,073,484</b>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities:</b>		
Investing activities included in accounts payable and accrued expenses	\$ 1,084	\$ 1,709
Equity consideration issued in connection with acquisitions	\$ —	\$ 331,557
Decrease of warrant liabilities from cashless exercise of warrants	\$ 11,185	\$ 46,398
Shares issued for contingent consideration	\$ 4,962	\$ —
<b>Supplemental Disclosure of Cash Activities:</b>		
(Decrease) increase in cash reserved for users	\$ (228,038)	\$ (96,530)
Cash paid for interest	\$ 9,421	\$ —

## Non-GAAP Financial Measures

This document includes Adjusted EBITDA, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Earnings (Loss) Per Share, and Free Cash Flow, 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, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Earnings (Loss) Per Share, and Free Cash Flow 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, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Earnings (Loss) Per Share, and Free Cash Flow 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 income (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 Gross Margin as Adjusted Gross Profit divided by net revenue.

DraftKings defines and calculates Adjusted Gross Profit as gross profit before the impact of amortization of acquired intangible assets, depreciation and amortization, and stock-based compensation.

DraftKings defines and calculates Adjusted Earnings (Loss) Per Share as diluted earnings (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; other non-recurring and non-operating costs or income; and the tax impact of adjusting items, as described in the reconciliation below.

DraftKings defines and calculates Free Cash Flow as Adjusted EBITDA less investments into property and equipment and capitalized software, adjusted for sources or uses of cash from changes in net working capital and sources or uses of cash from net cash interest, and less corporate cash taxes paid.

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, Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Earnings (Loss) Per Share, and Free Cash Flow 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 income (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,	
	2025	2024	2025	2024
<b>Net income (loss)</b>	<b>\$ 157,936</b>	<b>\$ 63,822</b>	<b>\$ 124,072</b>	<b>\$ (78,746)</b>
<i>Adjusted for:</i>				
Depreciation and amortization <sup>(1)</sup>	65,299	61,623	135,415	114,803
Interest income	(12,305)	(14,212)	(21,794)	(29,279)
Interest expense	11,640	678	16,734	1,327
Income tax provision (benefit)	11,790	(73,570)	6,190	(73,921)
Stock-based compensation <sup>(2)</sup>	84,701	90,220	163,547	183,755
Transaction-related costs <sup>(3)</sup>	—	18,585	—	23,493
Litigation, settlement, and related costs <sup>(4)</sup>	—	10,804	—	20,124
Advocacy and other related legal expenses <sup>(6)</sup>	—	—	—	285
(Gain) loss on remeasurement of warrant liabilities	5,851	(9,791)	3,356	8,303
Other non-recurring costs and non-operating (income) costs <sup>(6)</sup>	(24,268)	(20,192)	(24,247)	(19,787)
<b>Adjusted EBITDA</b>	<b>\$ 300,644</b>	<b>\$ 127,967</b>	<b>\$ 403,273</b>	<b>\$ 150,357</b>

- (1) The amounts include the amortization of acquired intangible assets of \$36.4 million and \$36.4 million for the three months ended June 30, 2025 and 2024, respectively, and \$79.1 million and \$65.7 million for the six months ended June 30, 2025 and 2024, 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 the evaluation, negotiation, and consummation of transactions and offerings that are under consideration, pending, or completed, as well as integration costs related to acquisitions.
- (4) Primarily includes external legal costs related to litigation and litigation settlement costs deemed unrelated to our ordinary-course business operations.
- (5) Reflects non-recurring and non-ordinary course costs relating to advocacy efforts and other legal expenses in jurisdictions where we do not operate certain product offerings and are actively seeking licensure, or similar approval, for those product offerings. This adjustment excludes (i) costs relating to advocacy efforts and other legal expenses in jurisdictions where we do 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 we currently operate.
- (6) Primarily includes the change in fair value of certain financial assets, as well as our equity method share of investee's losses and other costs relating to non-recurring and non-operating items.

The unaudited table below presents the Company's Adjusted Earnings (Loss) Per Share reconciled to its diluted earnings (loss) per share attributable to 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,	
	2025	2024	2025	2024
<b>Diluted earnings (loss) per share attributable to common stockholders</b>	<b>\$ 0.30</b>	<b>\$ 0.10</b>	<b>\$ 0.23</b>	<b>\$ (0.17)</b>
<i>Adjusted for:</i>				
Amortization of acquired intangible assets <sup>(1)</sup>	0.07	0.07	0.15	0.14
Discrete tax benefit attributed to the acquisition of Jackpocket Inc. <sup>(2)</sup>	—	(0.15)	—	(0.16)
Stock-based compensation <sup>(3)</sup>	0.16	0.17	0.31	0.39
Transaction-related costs <sup>(4)</sup>	—	0.04	—	0.05
Litigation, settlement, and related costs <sup>(5)</sup>	—	0.02	—	0.04
Advocacy and other related legal expenses <sup>(6)</sup>	—	—	—	0.00
(Gain) loss on remeasurement of warrant liabilities	0.00	0.00	0.00	0.02
Other non-recurring and non-operating costs (income)	(0.04)	(0.04)	(0.04)	(0.04)
Tax impact of adjusting items <sup>(7)</sup>	(0.11)	—	(0.16)	—
<b>Adjusted Earnings (Loss) Per Share*</b>	<b>\$ 0.38</b>	<b>\$ 0.22</b>	<b>\$ 0.50</b>	<b>\$ 0.27</b>

\* Weighted average diluted number of shares used to calculate Adjusted Earnings (Loss) Per Share for the three months ended June 30, 2025 and 2024 was 529.5 million and 518.8 million, respectively, and 529.6 million and 476.8 million for the six months ended June 30, 2025 and 2024, respectively; totals may not add due to rounding.

- (1) The amounts include the amortization of acquired intangible assets of \$36.4 million and \$36.4 million for the three months ended June 30, 2025 and 2024, respectively, and \$79.1 million and \$65.7 million for the six months ended June 30, 2025 and 2024, respectively.
- (2) The Company recorded a discrete income tax benefit of \$75.8 million during the second quarter of 2024 which was attributable to non-recurring partial releases of the Company's U.S. valuation allowance as a result of the purchase accounting for Jackpocket.
- (3) Reflects stock-based compensation expenses resulting from the issuance of awards under incentive plans.
- (4) Includes capital markets advisory, consulting, accounting and legal expenses related to the evaluation, negotiation, and consummation of transactions and offerings that are under consideration, pending, or completed, as well as integration costs related to acquisitions.
- (5) Primarily includes external legal costs related to litigation and litigation settlement costs deemed unrelated to our ordinary-course business operations.
- (6) Reflects non-recurring and non-ordinary course costs relating to advocacy efforts and other legal expenses in jurisdictions where we do not operate certain product offerings and are actively seeking licensure, or similar approval, for those product offerings. This adjustment excludes (i) costs relating to advocacy efforts and other legal expenses in jurisdictions where we do 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 we currently operate.
- (7) Beginning in the first quarter of the 2025, the Company began applying an estimated non-GAAP effective tax rate of 25%. The non-GAAP effective tax rate reflects the non-GAAP tax provision commensurate with the Company's level of non-GAAP profitability, which was determined after adjusting for the non-GAAP adjustments presented above and excluding the impact of changes in the valuation allowance.

The unaudited table below presents the Company's Adjusted Gross Profit and Adjusted Gross Margin reconciled to Gross Profit, which is the most directly comparable financial measure calculated in accordance with GAAP, for the periods indicated:

(amounts in millions, except percentages)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue	\$ 1,513	\$ 1,104	\$ 2,921	\$ 2,279
GAAP Gross Profit	658	441	1,223	906
Stock-based Compensation	—	—	—	1
Amortization of acquired intangible assets	36	36	79	66
Depreciation and amortization	25	20	47	38
Other	—	(21)	—	(21)
Adjusted Gross Profit	\$ 719	\$ 476	\$ 1,349	\$ 990
Adjusted Gross Margin	48 %	43 %	46 %	43 %

Information reconciling forward-looking fiscal year 2025 Adjusted EBITDA, Adjusted Gross Margin, and Free Cash Flow guidance to each of their most directly comparable GAAP financial measures, as applicable, 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, Adjusted Gross Margin, and Free Cash Flow forecasts 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, Adjusted Gross Margin or Free Cash Flow calculations. DraftKings provides a forecast for Adjusted EBITDA, Adjusted Gross Margin and Free Cash Flow, because it believes that Adjusted EBITDA, Adjusted Gross Margin and Free Cash Flow, when viewed with DraftKings' results calculated in accordance with GAAP, provide useful information for the reasons noted above. However, Adjusted EBITDA, Adjusted Gross Margin and Free Cash Flow, are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered as alternatives to net income (loss), gross profit, or cash flow from operating activities or as indicators of operating performance or liquidity.

## **About DraftKings**

DraftKings Inc. is a digital sports entertainment and gaming company created to be the Ultimate Host and 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 28 states, Washington, D.C., and in Ontario, Canada. The Company operates iGaming pursuant to regulations in five states and in Ontario, Canada under its DraftKings brand and pursuant to regulations in four states under its Golden Nugget Online Gaming brand. DraftKings also owns Jackpocket, the leading digital lottery courier app in the United States. DraftKings' daily fantasy sports product is available in 44 states, the District of Columbia, and certain Canadian provinces. DraftKings is both an official sports betting and daily fantasy partner of the NFL, NHL, PGA TOUR, WNBA 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. In addition, DraftKings owns and operates DraftKings Network a multi-platform content ecosystem. DraftKings is committed to being a responsible steward of this new era in real-money gaming by developing and promoting educational information and tools to help all players enjoy our games responsibly.

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