



# Letter To Shareholders

February 2026

## To Our Shareholders:

We closed 2025 on a high note, setting new quarterly records for revenue and Adjusted EBITDA<sup>1</sup>. Fourth quarter revenue grew 43% year-over-year to nearly \$2 billion. Adjusted EBITDA was \$343 million, 4x the prior-year period. Adjusted EBITDA Margin<sup>1</sup> expanded by more than 1,000 basis points year-over-year to 17%. We repurchased another 8 million shares during the quarter, and we expect to remain active with repurchases as our Adjusted EBITDA continues to grow.

We are in a strong position. Our sustainable advantages in Product, Technology, Trust, and Marketing continue to drive higher LTV and efficient customer acquisition. AI and machine learning amplify these advantages by making our products better, our platform faster, consumer trust stronger, and marketing more efficient. The result is predictable and improving cohort economics, reinforcing our conviction that we have built an efficient and powerful long-term business model. We are excited to share more details at our virtual Investor Day on March 2.

Now we take our next step. Predictions is rapidly developing into a massive, incremental opportunity, and we are moving with urgency. We expect to emerge as the leader in this nascent category. We plan to deploy growth capital to build the best customer experience in Predictions and acquire millions of customers. This year, we anticipate significant step-function improvements to our Predictions offering including the integration of Railbird and launch of our market-making division. We are targeting hundreds of millions in annual revenue for DraftKings Predictions in the years ahead, and we believe there is much more upside over the long-term. This should translate to meaningful incremental Adjusted EBITDA. In Predictions, we have the playbook to execute and win.

Before I go deeper on Predictions, I want to highlight the strength of our core business.

## Core Business:

In fiscal year 2025, we grew revenue 27% year-over-year to above \$6 billion. Adjusted EBITDA more than tripled to over \$600 million and exceeded the high end of the guidance range we provided in November. We also reported positive net income for the first time and repurchased 16 million shares during the fiscal year.

The business is scaling in a durable way. Since fiscal year 2022, we have grown customers by nearly 6 million, revenue by roughly \$4 billion, and Adjusted EBITDA by more than \$1 billion. Every year has been better than the last because our LTV flywheel continues to improve, powered by our sustainable advantages. We expect our revenue and Adjusted EBITDA to grow for years to come.

Results were strong across all of our verticals in fiscal year 2025. Fantasy revenue increased as Pick6 began to scale. Sportsbook revenue increased over 30% year-over-year as handle grew 11% year-over-year, while Sportsbook Net Revenue Margin expanded by more than 100 basis points year-over-year. iGaming revenue increased 20% year-over-year as we expanded our offering and attracted a broader demographic. Lottery revenue increased as we launched scratcher games in additional states. We delivered all of this while preparing to launch our fifth vertical, Predictions.

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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 had a standout fourth quarter. Revenue increased 64% year-over-year to \$1.4 billion. Handle growth accelerated to 13% year-over-year. Sportsbook Net Revenue Margin increased 250 basis points year-over-year to 8.0%. Parlay handle mix increased nearly 500 basis points year-over-year. This continues the multi-year trend that is driving our structural net revenue margin higher.

Sports outcomes were sportsbook-friendly in the fourth quarter, and our overall Sportsbook hold percentage was slightly above 12%. Variance is random in nature and can be either a tailwind or a headwind for our business in the short-term. For the 2025-2026 NFL season, our NFL hold percentage was 16%.

I would also like to touch on the scale of our Sportsbook business. In fiscal year 2025, our Sportsbook handle increased 11% year-over-year to \$54 billion. Our total potential payouts<sup>2</sup> across all open wagers, or capital at risk, was \$2.5 trillion due to the multiplicative nature of parlays. We achieved this scale even though our Sportsbook is only available to about half of the U.S. population.

Finally, I want to directly address the most common question we are getting: could a growing Predictions category overlap with Sportsbook over time? To date, we are not seeing a discernible impact from Predictions on our revenue. In our newest Sportsbook state, Missouri, adoption of our offering was higher than in any state launch in our history through the first two months, and activity per customer has been strong. In the fourth quarter, our overall Sportsbook handle growth accelerated to 13% year-over-year. In January, our Sportsbook handle increased 4% year-over-year, even after two consecutive months of sportsbook-friendly outcomes and as our parlay handle mix continued to surge. Internal and third-party data<sup>3</sup> suggest Predictions impacted our January handle only very slightly and primarily impacted low-margin customers. Consequently, the impact to our revenue has been de minimis.

## **Predictions:**

We have been building DraftKings for more than 14 years. When a new growth lane opens, we move fast and execute at scale. Predictions is the most exciting new growth opportunity we have seen since PASPA was struck down in 2018. Early signals are strong. On Super Bowl Sunday, DraftKings Predictions had the second most downloads in its category and delivered 3x its prior record for daily trading volume. Customer retention is also strong so far, even with a product that is in its early stages and positioned to improve rapidly as we add content. In Predictions, speed and execution, combined with a strong brand, smooth interface, and real sports modeling, trading, and technology expertise, will determine long-term leadership. This is where DraftKings thrives.

The opportunity here could be large. Based on analyst estimates, Predictions could represent a \$10 billion annual gross revenue opportunity in the years ahead. We expect to capture it across multiple business lines, including the customer-facing platform, our own exchange, and market-making. We expect the volume on DraftKings Predictions to keep building, with growth accelerating through 2026 and beyond. Our goal is simple: we intend to lead the Predictions category.

As such, we support the CFTC's engagement on event contracts and the advancement of a more defined and durable regulatory framework. The CFTC Chair recently directed agency staff to establish clear standards for event contracts to provide certainty for market participants. We view this direction as constructive. Clear rules should

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<sup>2</sup> Total potential payouts, or capital at risk, is comparable to volume that Predictions operators report.

<sup>3</sup> Third-party data refers to data provided to DraftKings by MScience and JuiceReel.

reward operators with strong compliance and responsible engagement infrastructure, and support the expansion of sports-related Predictions over time.

We bring sports, trading, and technology together at scale, backed by strong distribution. We originate prices and manage risk every day in our Sportsbook. We have hundreds of data scientists and machine learning engineers building sports models, plus a dedicated trading desk that fine-tunes live pricing in real time. We pair that with a trusted brand, a large customer database we can activate efficiently, and marketing relationships like ESPN and NBCUniversal that give us flexible, high-intent inventory to deploy as returns dictate.

We have run this playbook before. In Fantasy, Sportsbook, iGaming, and Lottery, we built leadership positions by steadily bringing critical technology in-house. In Sportsbook, we successfully integrated acquisitions and continued investing deeply in our proprietary technology to deliver the #1-rated product. Our Sportsbook product is far ahead of our peers in uptime, which is the percentage of a game during which odds are available. Predictions is the next chapter of this same strategy. We have already designed our product to improve rapidly.

Our product is built to scale. DraftKings Predictions already connects to multiple exchanges so we can stay nimble as trading options evolve and continuously expand content availability and liquidity. Our recent Crypto.com integration was an immediate upgrade in breadth and engagement, adding new trading options across categories such as player performance markets, golf, UFC, and politics. Next, we plan to integrate Railbird near the middle of this year to improve innovation velocity and strengthen customer economics by owning more of the stack.

We are also launching market-making because liquidity is a core part of the customer experience in Predictions. Contract listings, fees, market structure, and distribution matter, but tight two-way markets with depth are what attract participants. Exchanges seed liquidity by incentivizing market-makers, and DraftKings can lead market-making for sports contracts because we model sports probabilities exceptionally well and have the infrastructure to provide liquidity across a broad spectrum of contracts.

This creates two revenue engines for DraftKings in Predictions. First, transaction fees, as we own the customer relationship through DraftKings Predictions and offer a platform to trade across sports and non-sports. Second, trading economics from market-making and proprietary trading, on our own exchange and, where it makes sense, on other exchanges. Over time, we also intend to introduce exclusive combination trading options that may become a major differentiator as the customer experience evolves.

### **Guidance:**

We are excited about our results and financial trajectory. In fiscal year 2026, we expect DraftKings to achieve revenue of \$6.5 billion to \$6.9 billion and Adjusted EBITDA of \$700 million to \$900 million.

Our revenue and Adjusted EBITDA guidance ranges reflect our expected investment in DraftKings Predictions, line-of-sight jurisdiction launches, and disciplined planning as business conditions evolve. We assume state tax rates will remain consistent with where they are today.

Notably, our fiscal year 2026 revenue and Adjusted EBITDA guidance excludes potential variance from sports outcomes and therefore does not include the modest benefit from year-to-date sport outcomes. Based on our sports simulations, we estimate 1 standard deviation of variance would impact our revenue by approximately \$150 million in either direction and our Adjusted EBITDA by approximately \$100 million in either direction.

**Closing:**

DraftKings is entering 2026 with momentum following a record fourth quarter. Our core business continues to grow and expand profitability and we are investing to win in Predictions. We believe this combination creates a compelling setup for long-term value creation: a strong core business, a massive new upside opportunity, and a disciplined approach to capital allocation.

Thank you for your continued support. We will continue working relentlessly to create meaningful value for you in 2026 and beyond.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDR', with a stylized flourish extending from the end.

Jason D. Robins  
Chief Executive Officer and Co-founder

## **Webcast and Conference Call Details**

As previously announced, DraftKings will host a conference call and audio webcast tomorrow, Friday, February 13, 2026, 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 letter to shareholders, our earnings press release, the Company's Annual Report on Form 10-K, and an earnings presentation. The audio webcast will be available on the Company's investor relations website until 11:59 p.m. ET on March 31, 2026.

## 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, volatile inflation and 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.**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except par value)

	December 31,	
	2025	2024
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,127,545	\$ 788,287
Restricted cash	7,601	16,499
Cash reserved for users	469,449	525,407
Accounts receivable	105,577	57,839
Prepaid expenses and other current assets	104,837	145,729
<b>Total current assets</b>	<b>1,815,009</b>	<b>1,533,761</b>
Property and equipment, net	51,081	50,550
Intangible assets, net	889,201	933,121
Goodwill	1,597,647	1,555,116
Operating lease right-of-use assets	49,810	74,917
Equity method investments	18,938	13,200
Deposits and other non-current assets	109,098	123,060
<b>Total assets</b>	<b>\$ 4,530,784</b>	<b>\$ 4,283,725</b>
<b>Liabilities and Stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 785,441	\$ 661,245
Liabilities to users	935,001	979,453
Operating lease liabilities, current portion	9,795	10,993
Other current liabilities	25,234	3,300
<b>Total current liabilities</b>	<b>1,755,471</b>	<b>1,654,991</b>
Convertible notes, net of issuance costs	1,259,096	1,256,429
Term B Loan, net of issuance costs	576,544	—
Operating lease liabilities	44,391	67,660
Warrant liabilities	—	22,033
Long-term income tax liabilities	91,618	76,375
Other long-term liabilities	172,203	195,611
<b>Total liabilities</b>	<b>\$ 3,899,323</b>	<b>\$ 3,273,099</b>
<b>Stockholders' equity:</b>		
Class A common stock, \$0.0001 par value; 900,000 shares authorized as of December 31, 2025 and 2024; 533,296 and 504,722 shares issued and 495,053 and 489,071 outstanding as of December 31, 2025 and 2024, respectively	\$ 52	\$ 48
Class B common stock, \$0.0001 par value; 900,000 shares authorized as of December 31, 2025 and 2024; 393,014 shares issued and outstanding as of December 31, 2025 and 2024	39	39
Treasury stock, at cost; 38,243 and 15,651 shares as of December 31, 2025 and 2024, respectively	(1,392,433)	(563,146)
Additional paid-in capital	8,424,833	7,978,425
Accumulated deficit	(6,437,518)	(6,441,228)
Accumulated other comprehensive income	36,488	36,488
<b>Total stockholders' equity</b>	<b>631,461</b>	<b>1,010,626</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,530,784</b>	<b>\$ 4,283,725</b>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
<b>Revenue</b>	\$ 1,989,193	\$ 1,392,772	\$ 6,054,525	\$ 4,767,699
Cost of revenue	1,074,506	834,644	3,556,947	2,950,561
Sales and marketing	442,643	368,602	1,379,880	1,264,920
Product and technology	133,555	112,063	459,912	397,114
General and administrative	186,729	216,642	673,603	764,103
<b>Income (loss) from operations</b>	<b>151,760</b>	<b>(139,179)</b>	<b>(15,817)</b>	<b>(608,999)</b>
<b>Other income (expense):</b>				
Interest income (expense), net	(5,428)	8,020	(19,941)	44,300
Gain (loss) on remeasurement of warrant liabilities	3,870	3,337	4,747	(4,945)
Other gain (loss), net	(3,177)	(17,713)	38,024	(23,514)
<b>Income (loss) before income tax and equity method investments</b>	<b>147,025</b>	<b>(145,535)</b>	<b>7,013</b>	<b>(593,158)</b>
Income tax provision (benefit)	10,149	(11,133)	4,274	(86,341)
(Gain) loss from equity method investments	450	449	(971)	468
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ 136,426</b>	<b>\$ (134,851)</b>	<b>\$ 3,710</b>	<b>\$ (507,285)</b>
<b>Earnings (loss) per share attributable to common stockholders:</b>				
Basic	\$ 0.28	\$ (0.28)	\$ 0.01	\$ (1.05)
Diluted	\$ 0.25	\$ (0.28)	\$ (0.01)	\$ (1.05)

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

	Three Months Ended December 31,		Year Ended December 31,	
	2025	2024	2025	2024
Adjusted EBITDA	\$ 343,202	\$ 89,454	\$ 619,987	\$ 181,307
Adjusted Diluted Earnings (Loss) Per Share	\$ 0.36	\$ 0.14	\$ 0.66	\$ 0.24

**DRAFTKINGS INC.**  
**REVENUE DISAGGREGATION**  
(Unaudited)  
(Amounts in thousands, except percentages)

<i>(amounts in thousands)</i>	<b>Three Months Ended December 31,</b>			
	<b>2025</b>	<b>2024</b>	<b>\$ Change</b>	<b>% Change</b>
Sportsbook Handle	\$ 16,796,059	\$ 14,901,643	\$ 1,894,416	12.7 %
Sportsbook Revenue	1,351,143	824,993	526,150	63.8 %
Sportsbook Net Revenue Margin	8.0%	5.5%	N/A	N/A
Sportsbook Revenue	\$ 1,351,143	\$ 824,993	\$ 526,150	63.8 %
iGaming Revenue	500,182	425,799	74,383	17.5 %
Other Revenue	137,867	141,979	(4,112)	(2.9)%
<b>Total Revenue</b>	<b>\$ 1,989,192</b>	<b>\$ 1,392,771</b>	<b>\$ 596,421</b>	<b>42.8 %</b>

<i>(amounts in thousands)</i>	<b>Years Ended December 31,</b>			
	<b>2025</b>	<b>2024</b>	<b>\$ Change</b>	<b>% Change</b>
Sportsbook Handle	\$ 53,553,697	\$ 48,061,148	\$ 5,492,548	11.4 %
Sportsbook Revenue	3,827,091	2,902,857	924,234	31.8 %
Sportsbook Net Revenue Margin	7.1%	6.0%	N/A	N/A
Sportsbook Revenue	\$ 3,827,091	\$ 2,902,857	\$ 924,234	31.8 %
iGaming Revenue	1,804,613	1,507,808	296,805	19.7 %
Other Revenue	422,821	357,034	65,787	18.4 %
<b>Total Revenue</b>	<b>\$ 6,054,525</b>	<b>\$ 4,767,699</b>	<b>\$ 1,286,826</b>	<b>27.0 %</b>

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

	Years Ended December 31,	
	2025	2024
<b>Cash Flows from Operating Activities:</b>		
Net income (loss) attributable to common stockholders	\$ 3,710	\$ (507,285)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	275,488	270,854
Non-cash interest (income) expense, net	2,300	(15)
Stock-based compensation expense	339,311	381,367
(Gain) loss on remeasurement of warrant liabilities	(4,747)	4,945
(Gain) loss from equity method investment	(971)	468
(Gain) loss on marketable equity securities and other financial assets, net	4,406	12,940
Loss on sale of Vegas Sports Information Network, LLC	—	5,865
Deferred income taxes	(18,225)	(92,733)
Other non-cash (gain) loss, net	(35,765)	6,280
Change in operating assets and liabilities, net of effect of acquisitions:		
Receivables reserved for users	60,688	248,320
Accounts receivable	(57,695)	(10,116)
Prepaid expenses and other current assets	(16,423)	(26,266)
Deposits and other non-current assets	1,950	1,701
Operating leases, net	—	130
Accounts payable and accrued expenses	132,182	(18,200)
Liabilities to users	(44,452)	110,678
Long-term income tax liability	15,243	3,565
Other long-term liabilities	5,855	25,269
<b>Net cash flows provided by (used in) operating activities</b>	<b>662,855</b>	<b>417,767</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(15,352)	(10,176)
Cash paid for internally developed software costs	(131,154)	(95,698)
Cash paid for gaming market access and licenses	(7,956)	(14,983)
Cash paid for acquisitions, net of cash acquired	(16,381)	(441,487)
Collection of loan receivable	11,784	—
Other investing activities	(6,938)	(4,257)
<b>Net cash flows provided by (used in) investing activities</b>	<b>(165,997)</b>	<b>(566,601)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from Term B Loan, net	588,116	—
Repayment of Term B Loan principal	(4,500)	—
Purchase of treasury stock for RSU withholding	(257,759)	(102,897)
Proceeds from exercise of stock options	10,573	9,165
Purchase of treasury stock under Stock Repurchase Program	(571,528)	(48,067)
Proceeds from shares issued under Employee Stock Purchase Plan	15,243	—
Other financing activities	(2,601)	(2,667)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(222,456)</b>	<b>(144,466)</b>
<b>Net increase (decrease) in cash and cash equivalents, restricted cash, and cash reserved for users</b>	<b>274,402</b>	<b>(293,300)</b>
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>\$ 1,604,595</b>	<b>\$ 1,330,193</b>
<b>Disclosure of cash and cash equivalents, restricted cash, and cash reserved for users</b>		
Cash and cash equivalents	\$ 1,127,545	\$ 788,287
Restricted cash	7,601	16,499
Cash reserved for users	469,449	525,407
<b>Cash and cash equivalents, restricted cash, and cash reserved for users at the end of period</b>	<b>\$ 1,604,595</b>	<b>\$ 1,330,193</b>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities:</b>		
Investing activities included in accounts payable and accrued expenses	—	3,462

Equity consideration issued in connection with acquisitions	28,708	376,702
Shares issued for contingent consideration	4,962	—
Fair value of contingent consideration in connection with acquisitions	37,785	77,965
Decrease of warrant liabilities from cashless exercise of warrants	17,287	46,484
<b>Supplemental Disclosure of Cash Activities:</b>		
Increase (decrease) in cash reserved for users	(55,958)	184,117
Cash paid for interest	27,881	—
Cash paid for income taxes	8,236	5,268

## Non-GAAP Financial Measures

This document includes Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Diluted Earnings (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, Adjusted EBITDA Margin and Adjusted Diluted Earnings (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, Adjusted EBITDA Margin and Adjusted Diluted Earnings (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 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 EBITDA Margin as Adjusted EBITDA divided by net revenue.

DraftKings defines and calculates Adjusted Diluted Earnings (Loss) Per Share as basic or diluted earnings (loss) per share attributable to common stockholders adjusted for the impact of amortization of acquired intangible assets; discrete tax benefits attributed to acquisitions; 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 decisions regarding the allocation of capital and new investments. Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Diluted Earnings (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 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 December 31,		Year Ended December 31,	
	2025	2024	2025	2024
<b>Net income (loss)</b>	\$ 136,426	\$ (134,851)	\$ 3,710	\$ (507,285)
<i>Adjusted for:</i>				
Depreciation and amortization <sup>(1)</sup>	74,002	66,099	275,488	270,854
Interest (income) expense, net	5,428	(8,020)	19,941	(44,300)
Income tax (benefit) provision <sup>(2)</sup>	10,149	(11,133)	4,274	(86,341)
Stock-based compensation <sup>(3)</sup>	103,291	110,060	339,311	381,367
Transaction-related costs <sup>(4)</sup>	6,353	2,053	13,213	26,386
Litigation, settlement, and related costs <sup>(5)</sup>	—	40,674	—	81,246
Advocacy and other related legal expenses <sup>(6)</sup>	2,000	9,746	2,000	16,049
Loss (gain) on remeasurement of warrant liabilities	(3,870)	(3,337)	(4,747)	4,945
Other non-recurring and non-operating costs (income) <sup>(7)</sup>	9,423	18,163	(33,203)	38,386
<b>Adjusted EBITDA</b>	<b>\$ 343,202</b>	<b>\$ 89,454</b>	<b>\$ 619,987</b>	<b>\$ 181,307</b>

- (1) The amounts include the amortization of acquired intangible assets of \$36.3 million and \$38.6 million for the three months ended December 31, 2025 and 2024, respectively, and \$149.3 million and \$159.8 million for the years ended December 31, 2025 and 2024, respectively.
- (2) In 2025, the Company recorded a discrete income tax benefit of \$14.6 million, which was attributable to non-recurring partial releases of the Company's U.S. valuation allowance as a result of the purchase accounting for Railbird. In 2024, the Company recorded a discrete tax benefit of \$87.3 million, which was attributable to non-recurring partial releases of the Company's U.S. valuation allowance as a result of the purchase accounting for the Jackpocket Transaction.
- (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) This primarily includes the change in fair value of certain assets and liabilities, including a \$38.0 million gain related to contingent consideration in 2025, as well as our equity method share of investee's gains and losses and other costs relating to non-recurring and non-operating items. For 2024, this amount also includes \$27.8 million in expense related to the discontinuance of our Reignmakers product offering, \$7.5 million in expenses related to the termination of a market access agreement, and a \$5.8 million loss on the sale of Vegas Sports Information Network, LLC, offset by \$20.9 million related to gaming tax credits as a result of audits and appeals related to prior periods.

The unaudited table below presents the Company's Adjusted Diluted 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 December 31,		Year Ended December 31,	
	2025	2024	2025	2024
Diluted earnings (loss) per share attributable to common stockholders	\$ 0.25	\$ (0.28)	\$ (0.01)	\$ (1.05)
<i>Adjusted for:</i>				
Amortization of acquired intangible assets <sup>(1)</sup>	0.07	0.08	0.30	0.33
Discrete tax benefit attributed to acquisitions <sup>(2)</sup>	(0.03)	(0.02)	(0.03)	(0.18)
Stock-based compensation <sup>(3)</sup>	0.20	0.23	0.68	0.79
Transaction-related costs <sup>(4)</sup>	0.01	—	0.03	0.05
Litigation, settlement, and related costs <sup>(5)</sup>	—	0.08	—	0.17
Advocacy and other related legal expenses <sup>(6)</sup>	0.00	0.02	0.00	0.03
Loss (gain) on remeasurement of warrant liabilities	—	(0.01)	0.00	0.01
Other non-recurring and non-operating costs (income) <sup>(7)</sup>	0.02	0.04	(0.06)	0.08
Tax impact of adjusting items <sup>(8)</sup>	(0.15)	—	(0.26)	—
<b>Adjusted Diluted Earnings (Loss) Per Share*</b>	<b>\$ 0.36</b>	<b>\$ 0.14</b>	<b>\$ 0.66</b>	<b>\$ 0.24</b>

\* Weighted average diluted number of shares used to calculate Adjusted Diluted Earnings (Loss) Per Share was 532.0 million and 488.0 million for the three months ended December 31, 2025 and 2024, respectively, and was 495.9 million and 482.0 million for the years ended December 31, 2025 and 2024, respectively; totals may not sum due to rounding.

- (1) The amounts include the amortization of acquired intangible assets of \$36.3 million and \$38.6 million for the three months ended December 31, 2025 and 2024, respectively, and \$149.3 million and \$159.8 million for the years ended December 31, 2025 and 2024, respectively.
- (2) In 2025, the Company recorded a discrete income tax benefit of \$14.6 million, which was attributable to non-recurring partial releases of the Company's U.S. valuation allowance as a result of the purchase accounting for Railbird. In 2024, the Company recorded a discrete tax benefit of \$87.3 million, which was attributable to non-recurring partial releases of the Company's U.S. valuation allowance as a result of the purchase accounting for the Jackpocket Transaction.
- (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) This primarily includes the change in fair value of certain assets and liabilities, including a \$38.0 million gain related to contingent consideration in 2025, as well as our equity method share of investee's gains and losses and other costs relating to non-recurring and non-operating items. For 2024, this amount also includes \$27.8 million in expense related to the discontinuance of our Reignmakers product offering, \$7.5 million in expenses related to the termination of a market access agreement, and a \$5.8 million loss on the sale of Vegas Sports Information Network, LLC, offset by \$20.9 million related to gaming tax credits as a result of audits and appeals related to prior periods.
- (8) Beginning in the first quarter of 2025, the Company began applying an estimated non-GAAP effective tax rate, which is 23% as of December 31, 2025. 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.

Information reconciling forward-looking fiscal year 2026 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 reconciliation being outside of DraftKings' control and/or not being able to be reasonably predicted. Preparation of such reconciliation 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 as an indicator 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, betting experiences and event contracts trading. DraftKings Sportsbook is live with mobile and/or retail sports betting operations pursuant to regulations in 29 states, Washington, D.C., Puerto Rico, and 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 and in Ontario, Canada, 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, Washington, D.C., and certain Canadian provinces. DraftKings' wholly-owned subsidiary GUS III Inc. (d/b/a DraftKings Predictions) also operates DraftKings Predictions, a standalone app and web product offering federally regulated event contracts under CFTC oversight. 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 products responsibly.

### **Contacts**

#### **Media:**

[Media@draftkings.com](mailto:Media@draftkings.com)

@DraftKingsNews

#### **Investors:**

[Investors@draftkings.com](mailto:Investors@draftkings.com)