



# Business Update

First Quarter 2026

## To Our Shareholders:

We are off to a fantastic start to the year. Our first quarter results exceeded our expectations, and we continue to expect fiscal year 2026 revenue of \$6.5 billion to \$6.9 billion and Adjusted EBITDA<sup>1</sup> of \$700 million to \$900 million.

In the first quarter, revenue increased 17% year-over-year and surpassed \$1.6 billion. Adjusted EBITDA increased 64% year-over-year to \$168 million. If not for our significant investment in Predictions and the launch of Sportsbook in Arkansas, our Adjusted EBITDA would have exceeded \$200 million. We achieved positive net income for the second consecutive quarter and repurchased \$99 million of our shares.

Sportsbook led the way. Revenue increased 24% year-over-year to \$1.1 billion as handle grew and net revenue margin increased 140 basis points to 7.8%. Parlay handle mix increased by nearly 300 basis points. Revenue growth exceeded 20% across nearly all major sports, including NBA and NCAA men's basketball, reflecting continued enhancements to our offering and deeper media integrations. Across all key metrics, our Sportsbook business remains strong. We continue to see no discernible impact from the rise of Predictions on our Sportsbook business. Internal and third-party data suggest Predictions is impacting Sportsbook industry handle only very slightly and primarily among low-margin wagers, resulting in a negligible impact to revenue.

We are also scaling efficiently. In the first quarter, Adjusted Gross Margin<sup>1</sup> continued to expand and Adjusted Operating Expenses<sup>1</sup> increased only slightly when excluding our investments in Predictions and the launch of Sportsbook in Arkansas. AI-first execution and streamlined teams are driving higher productivity than ever, with some teams operating at 2x to 3x last year's output. Improving efficiency is driving inflecting profitability in our core business. That gives us the firepower to press our advantage in Predictions.

Predictions, especially in Sports, is a strategic priority for DraftKings. This category is still in its first inning, and we believe DraftKings is best positioned to define it. We are planning significant investment in the coming months to improve our offering, build liquidity, and scale customer acquisition. We intend to execute with urgency and establish a leadership position in Sports Predictions before year-end.

At our Investor Day in March, we laid out a clear strategy: one nationwide Super App to win in Sports. Already, we are delivering on our plan. Predictions is now live in our flagship app, and as a result, our Predictions customer acquisition cost declined more than 80% in April. Within Predictions, we have more than doubled markets available to trade, which is driving Predictions volume per customer above Sportsbook handle per customer. In April, our annualized Predictions consumer volume exceeded \$1 billion and our annualized total volume traded exceeded \$2.3 billion, an increase of 38% and 43% month-over-month, respectively. We have also launched market making, which unlocks access to an additional layer of the value chain. Market making is already generating a positive return for us. In the coming weeks, we expect to launch our proprietary exchange and to begin offering combos. Together, these moves will accelerate innovation, improve the customer experience, and strengthen our economics.

We are confident in Sports Predictions because we increasingly view our Sportsbook capabilities as a key advantage. Sports Predictions and Sportsbook serve the same customers in the same live moments and leverage a shared underlying infrastructure. Whether the customer experience is structured as a bet or a contract, success still comes down to compelling markets, pricing, liquidity, trust, and a seamless customer experience. That is why our sustainable advantages made us a leader in Sportsbook and position us to lead in Sports Predictions too.

Beginning next quarter, we will report Sports revenue, which will combine Sportsbook and Sports Predictions. This best reflects how we plan to operate the business.

The opportunity ahead in Sports is massive. At Investor Day, we laid out a path to a \$55 billion to \$80 billion gross revenue opportunity by 2030, along with at least a 30% long-term Adjusted EBITDA Margin<sup>1</sup>. Predictions is an important part of this opportunity, broadening our reach, strengthening our Sports platform, and driving meaningful incremental Adjusted EBITDA over time.

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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.

Experience and discipline matter in this category. Early third-party data suggests that Predictions customers are experiencing losses more quickly than Sportsbook customers, reinforcing the importance of trust, consumer protections, and operator discipline. We have spent more than a decade building and managing these ecosystems, from Fantasy to Sportsbook and iGaming, and we will apply that same discipline to Predictions. We will grow Predictions the right way, through data-driven decisions, constructive engagement with industry stakeholders, and a focus on markets that uphold the integrity of sports, strengthen customer trust, and align with our standards for responsible engagement.

Our Super App, market making capabilities, proprietary exchange, and combos are coming together ahead of the World Cup. Our roadmap is clear, our execution is real, and we intend to establish a leadership position in Sports Predictions by year-end.

Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'JDR', with a stylized flourish at 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, May 8, 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' Financials section of its website at [ir.aboutdraftkings.com](http://ir.aboutdraftkings.com). A live audio webcast of the earnings conference call will be available on the Company's website at [ir.aboutdraftkings.com](http://ir.aboutdraftkings.com), along with a copy of this first quarter 2026 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 June 30, 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, customer growth and engagement, offering 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, including growth and execution in the emerging prediction markets category; potential litigation involving DraftKings; changes in applicable laws or regulations, particularly with respect to gaming and the regulatory status of prediction markets and event contracts; general economic and market conditions impacting demand for DraftKings' offerings and services; economic and market conditions in the media, 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)

	March 31, 2026 (Unaudited)	December 31, 2025
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 999,404	\$ 1,127,545
Restricted cash	8,746	7,601
Cash reserved for users	378,670	469,449
Accounts receivable	86,119	105,577
Prepaid expenses and other current assets	104,790	104,837
<b>Total current assets</b>	<b>1,577,729</b>	<b>1,815,009</b>
Property and equipment, net	53,164	51,081
Intangible assets, net	868,061	889,201
Goodwill	1,597,647	1,597,647
Operating lease right-of-use assets	78,428	49,810
Equity method investments	26,150	18,938
Deposits and other non-current assets	106,353	109,098
<b>Total assets</b>	<b>\$ 4,307,532</b>	<b>\$ 4,530,784</b>
<b>Liabilities and Stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 703,994	\$ 785,441
Liabilities to users	811,630	935,001
Operating lease liabilities, current portion	10,942	9,795
Other current liabilities	21,858	25,234
<b>Total current liabilities</b>	<b>1,548,424</b>	<b>1,755,471</b>
Convertible notes, net of issuance costs	1,259,755	1,259,096
Term B Loan, net of issuance costs	575,556	576,544
Operating lease liabilities	71,597	44,391
Long-term income tax liabilities	92,903	91,618
Other long-term liabilities	154,249	172,203
<b>Total liabilities</b>	<b>\$ 3,702,484</b>	<b>\$ 3,899,323</b>
<b>Stockholders' equity:</b>		
Class A common stock, \$0.0001 par value; 900,000 shares authorized as of March 31, 2026 and December 31, 2025; 538,297 and 533,296 shares issued and 495,764 and 495,053 outstanding as of March 31, 2026 and December 31, 2025, respectively	\$ 53	\$ 52
Class B common stock, \$0.0001 par value; 900,000 shares authorized as of March 31, 2026 and December 31, 2025; 393,014 shares issued and outstanding as of March 31, 2026 and December 31, 2025	39	39
Treasury stock, at cost; 42,533 and 38,243 shares as of March 31, 2026 and December 31, 2025, respectively	(1,515,376)	(1,392,433)
Additional paid-in capital	8,500,292	8,424,833
Accumulated deficit	(6,416,448)	(6,437,518)
Accumulated other comprehensive income	36,488	36,488
<b>Total stockholders' equity</b>	<b>\$ 605,048</b>	<b>\$ 631,461</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,307,532</b>	<b>\$ 4,530,784</b>

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

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Revenue</b>	<b>\$ 1,646,076</b>	<b>\$ 1,408,806</b>
Cost of revenue	949,385	843,803
Sales and marketing	401,734	343,680
Product and technology	123,176	103,260
General and administrative	165,934	164,394
<b>Income (loss) from operations</b>	<b>5,847</b>	<b>(46,331)</b>
<b>Other income (expense):</b>		
Interest income (expense), net	(5,739)	4,395
Gain (loss) on remeasurement of warrant liabilities	—	2,495
Other gain (loss), net	22,814	22
<b>Income (loss) before income tax and equity method investments</b>	<b>22,922</b>	<b>(39,419)</b>
Income tax provision (benefit)	6,369	(5,600)
(Gain) loss from equity method investments	(4,517)	45
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ 21,070</b>	<b>\$ (33,864)</b>
<b>Earnings (loss) per share attributable to common stockholders:</b>		
Basic	\$ 0.04	\$ (0.07)
Diluted	\$ 0.03	\$ (0.07)

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

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
Adjusted EBITDA	\$ 167,852	\$ 102,630
Adjusted Diluted Earnings (Loss) Per Share	\$ 0.20	\$ 0.12

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

<i>(amounts in thousands)</i>	Three Months Ended March 31,			
	2026	2025	\$ Change	% Change
Sportsbook Handle	\$ 14,083,061	\$ 13,880,391	\$ 202,670	1.5 %
Sportsbook Revenue	1,094,874	881,957	212,917	24.1 %
Sportsbook Net Revenue Margin	7.8%	6.4%	N/A	N/A
Sportsbook Revenue	\$ 1,094,874	\$ 881,957	\$ 212,917	24.1 %
iGaming Revenue	461,300	423,471	37,829	8.9 %
Other Revenue	89,902	103,378	(13,476)	(13.0)%
<b>Total Revenue</b>	<b>\$ 1,646,076</b>	<b>\$ 1,408,806</b>	<b>\$ 237,270</b>	<b>16.8 %</b>

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

	Three Months Ended March 31,	
	2026	2025
<b>Cash Flows from Operating Activities:</b>		
Net income (loss) attributable to common stockholders	\$ 21,070	\$ (33,864)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	71,661	70,116
Non-cash interest (income) expense, net	1,303	276
Stock-based compensation	65,215	78,846
(Gain) loss on remeasurement of warrant liabilities	—	(2,495)
(Gain) loss from equity method investment	(4,517)	45
Deferred income taxes	(215)	826
Other non-cash (gain) loss, net	(22,656)	2,499
Change in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	19,458	(8,738)
Prepaid expenses and other current assets	46	(43,514)
Deposits and other non-current assets	1,143	363
Accounts payable and accrued expenses	(80,999)	(68,950)
Liabilities to users	(123,371)	(116,397)
Long-term income tax liability	1,285	(932)
Other long-term liabilities	2,140	2,903
<b>Net cash flows provided by (used in) operating activities</b>	<b>\$ (48,437)</b>	<b>\$ (119,016)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	\$ (7,085)	\$ (2,647)
Cash paid for internally developed software costs	(37,070)	(31,248)
Cash paid for gaming market access and licenses	(1,060)	(1,629)
Other investing activities	(2,995)	(3,495)
<b>Net cash flows provided by (used in) investing activities</b>	<b>\$ (48,210)</b>	<b>\$ (39,019)</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	(24,303)	(74,318)
Purchase of treasury stock under Stock Repurchase Program	(98,640)	(142,278)
Proceeds from exercise of stock options	3,315	3,396
Other financing activities	—	(2,093)
<b>Net cash flows provided by (used in) financing activities</b>	<b>\$ (121,128)</b>	<b>\$ 372,823</b>
Net increase (decrease) in cash and cash equivalents, restricted cash, and cash reserved for users	(217,775)	214,788
Cash and cash equivalents, restricted cash, and cash reserved for users at the beginning of period	1,604,595	1,330,193
<b>Cash and cash equivalents, restricted cash, and cash reserved for users at the end of period</b>	<b>\$ 1,386,820</b>	<b>\$ 1,544,981</b>
<b>Disclosure of cash and cash equivalents, restricted cash, and cash reserved for users</b>		
Cash and cash equivalents	\$ 999,404	\$ 1,119,740
Restricted cash	8,746	16,752
Cash reserved for users	378,670	408,489
<b>Cash and cash equivalents, restricted cash, and cash reserved for users at the end of period</b>	<b>\$ 1,386,820</b>	<b>\$ 1,544,981</b>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities:</b>		
Decrease of warrant liabilities from cashless exercise of warrants	\$ —	\$ 8,973
Stock-based compensation capitalized to internally developed software costs	7,087	6,184
<b>Supplemental Disclosure of Cash Activities:</b>		
(Decrease) increase in cash reserved for users	\$ (90,779)	\$ (116,918)
Cash paid for interest	8,224	3,139
Cash paid for income taxes, net of refunds	412	1,850

## Non-GAAP Financial Measures

This document includes Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Diluted Earnings (Loss) Per Share, Adjusted Gross Margin, Adjusted Gross Profit and Adjusted Operating Expenses, 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, Adjusted Diluted Earnings (Loss) Per Share, Adjusted Gross Margin, Adjusted Gross Profit and Adjusted Operating Expenses 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, Adjusted Diluted Earnings (Loss) Per Share, Adjusted Gross Margin, Adjusted Gross Profit and Adjusted Operating Expenses 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 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; 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 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 Operating Expenses as the sum of sales and marketing expense, product and technology expense, and general and administrative expense before the impact of 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; and other non-recurring and non-operating costs or income.

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, Adjusted Diluted Earnings (Loss) Per Share, Adjusted Gross Margin, Adjusted Gross Profit and Adjusted Operating Expenses 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:

<i>(amounts in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Net income (loss)</b>	<b>\$ 21,070</b>	<b>\$ (33,864)</b>
<i>Adjusted for:</i>		
Depreciation and amortization <sup>(1)</sup>	71,661	70,116
Interest (income) expense, net	5,739	(4,395)
Income tax (benefit) provision	6,369	(5,600)
Stock-based compensation <sup>(2)</sup>	65,215	78,846
Transaction-related costs <sup>(3)</sup>	—	—
Litigation, settlement, and related costs <sup>(4)</sup>	—	—
Advocacy and other related legal expenses <sup>(5)</sup>	26,363	—
Loss (gain) on remeasurement of warrant liabilities	—	(2,495)
Other non-recurring costs and non-operating costs (income) <sup>(6)</sup>	(28,565)	22
<b>Adjusted EBITDA</b>	<b>\$ 167,852</b>	<b>\$ 102,630</b>

- (1) The amounts include the amortization of acquired intangible assets of \$37.6 million and \$42.7 million for the three months ended March 31, 2026 and 2025, 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 primarily in pursuit of legalization of DraftKings offerings. For the three months ended March 31, 2026, this spend primarily relates to legislative efforts for legalizing iGaming, supporting a ballot measure for legalizing Sportsbook, and other advocacy activities related to certain states. Advocacy and legal expenses incurred in the ordinary course of business have not been adjusted in this measure.
- (6) Primarily includes the change in fair value of certain assets and liabilities, including contingent consideration, as well as our equity method share of investee's gains and losses and other costs relating to non-recurring and non-operating items.

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:

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
<b>Diluted earnings (loss) per share attributable to common stockholders</b>	<b>\$ 0.03</b>	<b>\$ (0.07)</b>
<i>Adjusted for:</i>		
Amortization of acquired intangible assets <sup>(1)</sup>	0.07	0.09
Stock-based compensation <sup>(2)</sup>	0.13	0.16
Transaction-related costs <sup>(3)</sup>	—	—
Litigation, settlement, and related costs <sup>(4)</sup>	—	—
Advocacy and other related legal expenses <sup>(5)</sup>	0.05	—
Loss (gain) on remeasurement of warrant liabilities	—	(0.01)
Other non-recurring and non-operating costs (income)	(0.04)	—
Tax impact of adjusting items <sup>(6)</sup>	(0.05)	(0.05)
<b>Adjusted Diluted Earnings (Loss) Per Share*</b>	<b>\$ 0.20</b>	<b>\$ 0.12</b>

\* Weighted average diluted number of shares used to calculate Adjusted Diluted Earnings (Loss) Per Share for the three months ended March 31, 2026 and 2025 was 510.6 million and 493.3 million, respectively; totals may not add due to rounding.

- (1) The amounts include the amortization of acquired intangible assets of \$37.6 million and \$42.7 million for the three months ended March 31, 2026 and 2025, 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 primarily in pursuit of legalization of DraftKings offerings. For the three months ended March 31, 2026, this spend primarily relates to legislative efforts for legalizing iGaming, supporting a ballot measure for legalizing Sportsbook, and other advocacy activities related to certain states. Advocacy and legal expenses incurred in the ordinary course of business have not been adjusted in this measure.
- (6) Beginning in the first quarter of 2025, the Company began applying an estimated non-GAAP effective tax rate, which was 23% in 2025 and is 25% as of the first quarter of 2026. 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 each of forward-looking fiscal year 2026 Adjusted EBITDA guidance and long-term Adjusted EBITDA Margin target to its most directly comparable GAAP financial measure, as applicable, 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 and gaming company created to be the Ultimate Host and fuel the competitive spirit of sports fans with platforms that range across daily fantasy, regulated gaming, prediction markets 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 30 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' Fantasy platform 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, offering federally regulated event contracts under CFTC oversight. DraftKings is both an official sports betting and daily fantasy partner of the NHL, PGA TOUR and WNBA, 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 delivering responsible engagement tools and resources, while focusing on integrity and customer education.

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