

DRAFTKINGS INC.

FORM 10-Q (Quarterly Report)

Filed 08/07/25 for the Period Ending 06/30/25

Address	222 BERKELEY STREET BOSTON, MA, 02116
Telephone	(617) 986-6744
CIK	0001883685
Symbol	DKNG
SIC Code	7990 - Services-Miscellaneous Amusement and Recreation
Industry	Casinos & Gaming
Sector	Consumer Cyclical
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2025

or

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

For the transition period from _____ to _____.

Commission file number 001-41379



DRAFTKINGS INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

87-2764212

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

222 Berkeley Street, 5th Floor

Boston, MA 02116

(Address of principal executive offices) (Zip Code)

(617) 986-6744

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report).

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value	DKNG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of August 5, 2025 there were 496,470,071 shares of the registrant's Class A common stock, par value \$0.0001 per share, and 393,013,951 shares of the registrant's Class B common stock, par value \$0.0001 per share, outstanding.

DraftKings Inc.
Quarterly Report on Form 10-Q
For the Quarter Ended June 30, 2025

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2025 (Unaudited)	December 31, 2024
Assets		
Current assets:		
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
Total current assets	1,786,699	1,533,761
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
Total assets	\$ 4,474,302	\$ 4,283,725
Liabilities and Stockholders' equity		
Current liabilities:		
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
Total current liabilities	1,334,553	1,654,991
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
Total liabilities	\$ 3,464,674	\$ 3,273,099
Commitments and contingent liabilities (Notes 5 and 13)		
Stockholders' equity:		
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
Total stockholders' equity	\$ 1,009,628	\$ 1,010,626
Total liabilities and stockholders' equity	\$ 4,474,302	\$ 4,283,725

See accompanying notes to unaudited condensed consolidated financial statements.

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
Revenue	\$ 1,512,507	\$ 1,104,441	\$ 2,921,313	\$ 2,279,437
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
Income (loss) from operations	150,644	(32,388)	104,313	(171,226)
Other income (expense):				
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)
Income (loss) before income tax and equity method investments	169,917	(9,509)	130,498	(152,758)
Income tax provision (benefit)	11,790	(73,570)	6,190	(73,921)
(Gain) loss from equity method investments	191	239	236	(91)
Net income (loss) attributable to common stockholders	\$ 157,936	\$ 63,822	\$ 124,072	\$ (78,746)
Earnings (loss) per share attributable to common stockholders:				
Basic	\$ 0.32	\$ 0.13	\$ 0.25	\$ (0.17)
Diluted	\$ 0.30	\$ 0.10	\$ 0.23	\$ (0.17)

See accompanying notes to unaudited condensed consolidated financial statements.

DRAFTKINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Amounts in thousands)

	Class A Common Stock		Class B Common Stock		Additional	Accumulated	Accumulated	Treasury	Total
	Shares	Amount	Shares	Amount	Paid in Capital	Deficit	Other Comprehensive Income	Stock Amount	Stockholders' Equity
Balances at December 31, 2024	489,071	\$ 48	393,014	\$ 39	\$ 7,978,425	\$ (6,441,228)	\$ 36,488	\$ (563,146)	\$ 1,010,626
Exercise of stock options	1,268	—	—	—	3,396	—	—	—	3,396
Stock-based compensation	—	—	—	—	100,380	—	—	—	100,380
Exercise of warrants	182	—	—	—	8,973	—	—	—	8,973
Purchase of treasury stock for RSU withholding	(1,519)	—	—	—	—	—	—	(74,318)	(74,318)
Restricted stock unit vesting	11,001	—	—	—	—	—	—	—	—
Purchase of treasury stock under Stock Repurchase Program	(3,664)	—	—	—	—	—	—	(142,278)	(142,278)
Net income (loss)	—	—	—	—	—	(33,864)	—	—	(33,864)
Balances at March 31, 2025	496,339	\$ 48	393,014	\$ 39	\$ 8,091,174	\$ (6,475,092)	\$ 36,488	\$ (779,742)	\$ 872,915
Exercise of stock options	736	—	—	—	2,908	—	—	—	2,908
Stock-based compensation	—	—	—	—	89,792	—	—	—	89,792
Exercise of warrants	74	—	—	—	2,212	—	—	—	2,212
Purchase of treasury stock for RSU withholding	(780)	—	—	—	—	—	—	(27,534)	(27,534)
Shares issued under Employee Stock Purchase Plan	218	—	—	—	6,900	—	—	—	6,900
Shares issued for contingent consideration	110	—	—	—	4,962	—	—	—	4,962
Restricted stock unit vesting	2,226	—	—	—	—	—	—	—	—
Purchase of treasury stock under Stock Repurchase Program	(2,872)	—	—	—	—	—	—	(100,463)	(100,463)
Net income (loss)	—	—	—	—	—	157,936	—	—	157,936
Balances at June 30, 2025	496,051	\$ 48	393,014	\$ 39	\$ 8,197,948	\$ (6,317,156)	\$ 36,488	\$ (907,739)	\$ 1,009,628

See accompanying notes to unaudited condensed consolidated financial statements.

DRAFTKINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)
(Amounts in thousands)

	Class A Common Stock		Class B Common Stock		Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock Amount	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balances at December 31, 2023	472,697	\$ 46	393,014	\$ 39	\$ 7,149,858	\$ (5,933,943)	\$ 36,488	\$ (412,182)	\$ 840,306
Exercise of stock options	630	—	—	—	2,857	—	—	—	2,857
Stock-based compensation	—	—	—	—	117,702	—	—	—	117,702
Exercise of warrants	1,002	—	—	—	46,181	—	—	—	46,181
Purchase of treasury stock	(782)	—	—	—	—	—	—	(33,499)	(33,499)
Restricted stock unit vesting	2,520	—	—	—	—	—	—	—	—
Net income (loss)	—	—	—	—	—	(142,568)	—	—	(142,568)
Balances at March 31, 2024	476,067	\$ 46	393,014	\$ 39	\$ 7,316,598	\$ (6,076,511)	\$ 36,488	\$ (445,681)	\$ 830,979
Exercise of stock options	257	—	—	—	2,586	—	—	—	2,586
Stock-based compensation	—	—	—	—	93,681	—	—	—	93,681
Exercise of warrants	6	—	—	—	217	—	—	—	217
Purchase of treasury stock for RSU withholding	(631)	—	—	—	—	—	—	(24,413)	(24,413)
Restricted stock unit vesting	1,970	—	—	—	—	—	—	—	—
Shares issued in connection with business combinations	7,757	1	—	—	331,556	—	—	—	331,557
Net income (loss)	—	—	—	—	—	63,822	—	—	63,822
Balances at June 30, 2024	485,426	\$ 47	393,014	\$ 39	\$ 7,744,638	\$ (6,012,689)	\$ 36,488	\$ (470,094)	\$ 1,298,429

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2025	2024
Cash Flows from Operating Activities:		
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
Net cash flows provided by (used in) operating activities	\$ 54,905	\$ (41,006)
Cash Flows from Investing Activities:		
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)
Net cash flows provided by (used in) investing activities	\$ (74,278)	\$ (456,534)
Cash Flows from Financing Activities:		
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)	—
Net cash flows provided by (used in) financing activities	\$ 253,134	\$ (52,469)
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
Cash and cash equivalents, restricted cash, and cash reserved for users at the end of period	\$ 1,563,954	\$ 1,073,484
Disclosure of cash and cash equivalents, restricted cash, and cash reserved for users		
Cash and cash equivalents	\$ 1,261,969	\$ 815,880
Restricted cash	4,616	12,844
Cash reserved for users	297,369	244,760
Cash and cash equivalents, restricted cash, and cash reserved for users at the end of period	\$ 1,563,954	\$ 1,073,484
Supplemental Disclosure of Noncash Investing and Financing Activities:		
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	\$ —
Supplemental Disclosure of Cash Activities:		
(Decrease) increase in cash reserved for users	\$ (228,038)	\$ (96,530)
Cash paid for interest	\$ 9,421	\$ —

See accompanying notes to unaudited condensed consolidated financial statements.

DRAFTKINGS INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Amounts in thousands, except per share data, unless otherwise noted)

1. Description of Business

We are a digital sports entertainment and gaming company. We provide users with online and retail sports betting (together, “Sportsbook”), online casino (“iGaming”) and daily fantasy sports (“DFS”) product offerings, as well as digital lottery courier, media, and other product offerings.

In May 2018, the U.S. Supreme Court (the “Court”) struck down on constitutional grounds the Professional and Amateur Sports Protection Act of 1992, a law that prohibited most states from authorizing and regulating sports betting. As of June 30, 2025, 39 U.S. states, the District of Columbia and Puerto Rico have some form of authorized sports betting. Of those 41 jurisdictions, 33 have legalized online sports betting. 32 of those 33 jurisdictions are live, and DraftKings operates in 26 of them. As of June 30, 2025, the U.S. jurisdictions with statutes legalizing iGaming are Connecticut, Delaware, Michigan, New Jersey, Pennsylvania, Rhode Island and West Virginia.

As of June 30, 2025, we operate our Sportsbook product offering in Arizona, Colorado, Connecticut, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Vermont, Virginia, Washington, D.C., West Virginia, Wyoming and Ontario, Canada, and we operate retail sportsbooks in Arizona, Colorado, Connecticut, Illinois, Iowa, Kansas, Kentucky, Louisiana, Michigan, Mississippi, New Hampshire, New Jersey, Washington and Wisconsin. As of June 30, 2025, we operate our iGaming product offering in Connecticut, Michigan, New Jersey, Pennsylvania, West Virginia and Ontario, Canada. We also have arrangements in place with land-based casinos, and other partners, to expand operations into additional states upon the passing of relevant legislation, the issuance of related regulations and the receipt of required licenses.

2. Summary of Significant Accounting Policies and Practices

Basis of Presentation and Principles of Consolidation

These unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) and accounting principles generally accepted in the United States (“U.S. GAAP”) for interim reporting. As such, certain notes or other information that are normally required by U.S. GAAP have been omitted if they substantially duplicate the disclosures contained in the Company’s annual audited consolidated financial statements. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited financial statements and related notes as of and for the fiscal year ended December 31, 2024, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, as filed with the SEC on February 14, 2025 (the “2024 Annual Report”). These condensed consolidated financial statements are unaudited; however, in the opinion of management, they include all normal and recurring adjustments necessary for a fair presentation of the Company’s condensed consolidated financial statements for the periods presented. Results of operations reported for interim periods are not necessarily indicative of results for the entire year, due to seasonal fluctuations in the Company’s revenue as a result of the timing of various sports seasons, sporting events and other factors.

All intercompany accounts and transactions are eliminated upon consolidation. Certain amounts, which are not material, in the prior year’s consolidated financial statements have been reclassified to conform to the current year’s presentation.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-09, *Income Taxes—Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 modifies the rules on income tax disclosures to enhance the transparency and decision-usefulness of income tax disclosures, particularly in the rate reconciliation table and disclosures about income taxes paid. The guidance also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. ASU 2023-09 is effective for public business entities for annual periods beginning after December 15, 2024, with early adoption permitted. All entities are required to apply the guidance prospectively but have the option to apply it retrospectively. We are currently evaluating the impact of this standard on our income tax disclosure.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disaggregated disclosure of income statement expenses. ASU 2024-03 does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for public business entities for annual periods beginning after December 15, 2026, with early adoption permitted. We are currently evaluating the impact of this standard on our disclosure of income statement expenses.

3. Business Combinations

Acquisition of Jackpocket Inc. (“Jackpocket”)

On February 11, 2024, the Company entered into a definitive agreement (the “Jackpocket Merger Agreement”) to acquire Jackpocket, which is a digital lottery courier app in the United States (the “Jackpocket Transaction”).

On May 22, 2024 (the “Jackpocket Closing Date”), DraftKings consummated the Jackpocket Transaction, and, under the terms of the Jackpocket Merger Agreement and subject to certain exclusions contained therein, Jackpocket stockholders received approximately \$452.3 million of cash consideration and approximately \$320.8 million of equity consideration.

The acquisition of Jackpocket allows DraftKings to participate in the U.S. digital lottery courier business with expected ancillary benefits to its Sportsbook and iGaming product offerings by enhancing customer lifetime value and customer acquisition capabilities.

Purchase Price Accounting for the Jackpocket Transaction

On the Jackpocket Closing Date, the Company acquired 100% of the equity interests of Jackpocket pursuant to the Jackpocket Merger Agreement. The following is a summary of the consideration issued or paid on the Jackpocket Closing Date:

Cash consideration	\$	452,322
Equity consideration ⁽¹⁾		320,783
Total consideration	\$	773,105

(1) Includes the issuance of approximately 7.5 million shares of DraftKings Inc.’s Class A common stock issued at \$41.90 per share and \$6.2 million of options exercisable for shares of DraftKings Inc.’s Class A common stock, which were issued to certain Jackpocket employee option holders in exchange for their Jackpocket options.

The following table summarizes the fair value of the assets acquired and liabilities assumed in connection with the consummation of the Jackpocket Transaction on the Jackpocket Closing Date:

Cash and cash equivalents	\$	45,999
Cash reserved for users		23,349
Receivables reserved for users		9,092
Prepaid expenses and other current assets		4,151
Property and equipment		1,523
Intangible assets		269,736
Operating lease right-of-use assets		2,579
Deposits and other non-current assets		136
Total identifiable assets acquired		356,565
Liabilities assumed:		
Accounts payable and accrued expenses		33,961
Liabilities to users		16,877
Operating lease liabilities		2,580
Other long-term liabilities		80,463
Total liabilities assumed		133,881
Net assets acquired (a)		222,684
Purchase consideration (b)		773,105
Goodwill (b) – (a)	\$	550,421

Goodwill represents the excess of the gross consideration transferred over the difference between the fair value of the underlying net assets acquired and the underlying liabilities assumed. Qualitative factors that contribute to the recognition of goodwill include certain intangible assets that are not recognized as separate identifiable intangible assets apart from goodwill. Intangible assets not recognized apart from goodwill consist primarily of benefits from securing buyer-specific synergies that increase revenue and profits and are not otherwise available to a market participant, as well as acquiring a talented workforce and cost savings opportunities. Goodwill recognized is not deductible for tax purposes. Goodwill associated with the Jackpocket Transaction is assigned as of the Jackpocket Closing Date to the Company's consolidated reporting unit. As Jackpocket's financial results are not material to the Company's consolidated financial statements, the Company has elected to not include pro forma results.

Intangible Assets

	Fair Value	Weighted-Average Useful Life
Customer Relationships	\$ 174,000	8.0 years
Developed Technology	67,000	5.0 years
Trade Name	27,000	7.0 years
Market Access	1,736	2.9 years
Total	\$ 269,736	

Intangible assets consist of customer relationships, developed technology, trade name and market access. We used variations of income approaches with estimates and assumptions developed by us to determine the fair values of customer relationships, developed technology, and trade name. We valued customer relationships by using the multi-period excess earnings method which requires the use of significant estimates and assumptions, including revenue growth rates, attrition rates, operating margin and discount rates. For developed technology and trade name, we used the relief from royalty method including the use of significant estimates and assumptions including royalty rates and discount rates. For market access, cost approximated fair value. We amortize definite-lived assets based on the pattern over which we expect to receive the economic benefit from these assets.

Transaction Costs

For the three and six months ended June 30, 2024, the Company incurred \$10.4 million and \$15.3 million, respectively, in advisory, legal, accounting and management fees in connection with the Jackpocket Transaction, which were included in general and administrative expenses. There were no such costs incurred for the three and six months ended June 30, 2025.

Acquisition of Simplebet, Inc. (“Simplebet”)

On August 28, 2024, the Company entered into a definitive agreement (the “Simplebet Merger Agreement”) to acquire Simplebet, which is a leading sports betting provider of in-play micromarket content and pricing (the “Simplebet Transaction”).

On December 3, 2024 (the “Simplebet Closing Date”), DraftKings consummated the Simplebet Transaction, and, under the terms of the Simplebet Merger Agreement and subject to certain exclusions contained therein, Simplebet stockholders received approximately \$36.0 million of cash consideration, approximately \$45.1 million of equity consideration and additional equity contingent consideration. The present value of the equity contingent consideration of \$53.5 million at the acquisition date, which is payable upon, and subject to, the achievement of certain performance targets, is included in other long term liabilities on the unaudited condensed consolidated balance sheets.

Operating results for Simplebet on and after the Simplebet Closing Date are included in the Company’s unaudited condensed consolidated statements of operations, including for the three and six months ended June 30, 2025.

Preliminary Purchase Price Accounting for the Simplebet Transaction

On the Simplebet Closing Date, the Company acquired 100% of the equity interests of Simplebet pursuant to the Simplebet Merger Agreement. The following is a summary of the consideration issued or paid on the Simplebet Closing Date:

Cash consideration	\$	35,965
Equity consideration ⁽¹⁾		45,145
Contingent consideration ⁽²⁾		53,535
Total consideration	\$	134,645

(1) Includes the issuance of approximately 1.0 million shares of DraftKings Inc.’s Class A common stock issued at \$43.97 per share.

(2) Contingent consideration of up to 3.5 million shares of DraftKings Inc.’s Class A common stock may be payable through December 31, 2026, subject to the achievement of certain future performance targets for the Company as a whole. The Company recorded a fair value estimate of the contingent consideration, as disclosed in “Note 6 – Fair Value Measurement”.

The purchase price allocation for Simplebet set forth herein is preliminary and subject to change within the measurement period, which will not extend beyond one year from the Simplebet Closing Date. Measurement period adjustments will be recognized in the reporting period in which the adjustment amounts are determined and may include adjustments pertaining to intangible assets acquired and tax liabilities assumed, including the calculation of deferred tax assets and liabilities. Any such adjustments may be material.

The following table summarizes the preliminary fair value of the assets acquired and liabilities assumed in connection with the consummation of the Simplebet Transaction on the Simplebet Closing Date. The values set forth below are preliminary, pending finalization of valuation analyses:

Cash and cash equivalents	\$	5,002
Accounts receivable		931
Prepaid expenses and other current assets		282
Operating lease right-of-use assets		144
Property and equipment		32
Intangible assets		62,120
Total identifiable assets acquired		68,511
Liabilities assumed:		
Accounts payable and accrued expenses		5,374
Operating lease liabilities		144
Other long-term liabilities		11,500
Total liabilities assumed		17,018
Net assets acquired (a)		51,493
Estimated purchase consideration (b)		134,645
Estimated goodwill (b) - (a)	\$	83,152

Goodwill represents the excess of the gross consideration transferred over the difference between the fair value of the underlying net assets acquired and the underlying liabilities assumed. Qualitative factors that contribute to the recognition of goodwill include certain intangible assets that are not recognized as separate identifiable intangible assets apart from goodwill. Intangible assets not recognized apart from goodwill consist primarily of benefits from securing buyer-specific synergies that increase revenue and profits and are not otherwise available to a market participant, as well as acquiring a talented workforce and cost savings opportunities. Goodwill recognized is not deductible for tax purposes. Goodwill associated with the Simplebet Transaction is assigned as of the Simplebet Closing Date to the Company's consolidated reporting unit. As Simplebet's financial results are not material to the Company's consolidated financial statements, the Company has elected to not include pro forma results.

The Company recorded intangible assets related to developed technology of \$62.1 million that will be amortized over six years. We valued developed technology by using the multi-period excess earnings method. The process for estimating the fair values of identifiable intangible assets requires the use of significant estimates and assumptions, including revenue growth rates, and discount rates. We amortize definite-lived assets based on the pattern over which we expect to receive the economic benefit from these assets.

Transaction Costs

For the three and six months ended June 30, 2025 and June 30, 2024, the Company incurred no advisory, legal, accounting and management fees in connection with the Simplebet Transaction.

Other 2024 Acquisitions

During the year ended December 31, 2024, the Company acquired 100% of the equity interest of Sports IQ Analytics Inc. ("SIQ") and Dijon Systems Limited ("Dijon"). SIQ and Dijon were acquired for aggregate cash payments of \$28.2 million and aggregate equity consideration of \$10.8 million on the respective closing dates of such acquisitions. In addition, the Company is subject to contingent consideration payments of up to \$33.3 million in the aggregate for both acquisitions, subject to the achievement of certain performance targets, with a fair value estimate on each date of acquisition of \$24.4 million included in other current liabilities and other long term liabilities. The Company recorded goodwill of \$35.2 million, of which none will be

deductible for tax purposes. In addition, the Company recorded intangible assets of \$34.9 million that will be amortized over seven years as well as deferred tax liability of \$7.7 million, in relation to these acquisitions.

As financial results of SIQ and Dijon are not material to the Company's consolidated financial statements, the Company has elected to not include pro forma results.

4. Intangible Assets

Intangible Assets

As of June 30, 2025, intangible assets, net consists of the following:

	Weighted-Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:				
Developed technology	3.9 years	\$ 586,409	\$ (297,662)	\$ 288,747
Internally developed software	2.3 years	406,361	(208,228)	198,133
Gaming market access and licenses	8.0 years	224,513	(78,584)	145,929
Customer relationships	5.9 years	344,002	(124,408)	219,594
Trademarks, tradenames and other	5.6 years	43,120	(16,480)	26,640
		<u>\$ 1,604,405</u>	<u>\$ (725,362)</u>	<u>\$ 879,043</u>
Indefinite-lived intangible assets:				
Digital assets, net of impairment	Indefinite-lived	953	N/A	953
Total		<u>\$ 1,605,358</u>	<u>\$ (725,362)</u>	<u>\$ 879,996</u>

As of December 31, 2024, intangible assets, net consists of the following:

	Weighted-Average Remaining Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:				
Developed technology	4.4 years	\$ 590,231	\$ (260,786)	\$ 329,445
Internally developed software	2.3 years	333,437	(166,456)	166,981
Gaming market access and licenses	8.4 years	221,479	(68,402)	153,077
Customer relationships	6.1 years	442,528	(192,055)	250,473
Trademarks, tradenames and other	5.9 years	46,253	(14,895)	31,358
		<u>\$ 1,633,928</u>	<u>\$ (702,594)</u>	<u>\$ 931,334</u>
Indefinite-lived intangible assets:				
Digital assets, net of impairment	Indefinite-lived	1,787	N/A	1,787
Total		<u>\$ 1,635,715</u>	<u>\$ (702,594)</u>	<u>\$ 933,121</u>

Amortization expense was \$60.8 million and \$126.5 million for the three and six months ended June 30, 2025, respectively, and \$56.3 million and \$103.6 million for the three and six months ended June 30, 2024, respectively.

5. Current and Long-term Liabilities

Credit Agreement

On November 7, 2024, the Company entered into a credit agreement (as amended, the "Credit Agreement") with various financial institutions, as lenders, and Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, providing for a senior secured revolving credit facility of up to \$500.0 million (the "Revolving Credit Facility"). The Revolving Credit Facility has a maturity date of November 7, 2029.

Revolving loans under the Revolving Credit Facility bear interest at the Company's election at either (i) Term SOFR (as defined in the Credit Agreement), plus an applicable margin ranging from 1.75% to 2.25% depending on the Company's Net First Lien Leverage Ratio (as defined in the Credit Agreement) or (ii) a base rate that is equal to the greatest of (a) the federal funds rate plus 0.50%, (b) the prime rate and (c) Term SOFR for a one month interest period plus 1.00%, in each case plus an additional applicable margin ranging from 0.75% to 1.25% depending on the Company's Net First Lien Leverage Ratio. In addition, the Company is required to pay a commitment fee quarterly in arrear ranging from 0.25% to 0.375% per annum of the unused portion of the Revolving Credit Facility depending on the Company's Net First Lien Leverage Ratio. As of June 30, 2025, the Credit Agreement provided a Revolving Credit Facility of up to \$500.0 million, and there was no principal outstanding thereunder. As of June 30, 2025, \$10.0 million in letters of credit were issued under the Revolving Credit Facility, with \$490.0 million available for borrowing.

On March 4, 2025, the Company entered into a first amendment to the Credit Agreement, providing for a new class of incremental term loans under the Credit Agreement in an aggregate principal amount of \$600.0 million (the "Term B Facility" and, such term loans, the "Term B Loan"). The Term B Facility matures on March 4, 2032, and all unpaid borrowings, together with accrued and unpaid interest thereon, are repayable on such date (unless extended in accordance with the terms of the Credit Agreement). In addition, 1.00% of the aggregate principal amount of the Term B Loan borrowed on March 4, 2025 is payable per annum in quarterly installments. In connection with the issuance of the Term B Loan, the Company incurred \$11.9 million of lender fees and \$3.1 million of debt financing costs, which are being amortized through the maturity date. The amortization of debt issuance costs was \$0.5 million and \$0.7 million for the three and six months ended June 30, 2025, respectively, which is included in interest expense on the Company's condensed consolidated statements of operations.

Term B Loan under the Term B Facility bear interest at the Company's election at either (i) in the case of Term SOFR Loans, Term SOFR plus an applicable margin of 1.75% per annum, or (y) in the case of ABR Term Loans, ABR plus an applicable margin of 0.75% per annum (with each of the capitalized terms used in clauses (x) and (y) as defined in the Credit Agreement). As of June 30, 2025, there were \$598.5 million aggregate principal amount of Term B Loan outstanding. As of June 30, 2025, the fair value of the Term B Loan approximates the carrying value, which was calculated using the estimated or actual bids and offers of the Term B Loan in an over-the-counter market on the last business day of the period, which is a Level 1 fair value measurement.

The performance of the Company's obligations under the Credit Agreement is secured by a first-priority security interest on substantially all of its assets. The Credit Agreement contains customary representations and warranties and affirmative and negative covenants, including dividend restrictions, a public corporate credit rating requirement for so long as any Term B Loan are outstanding, and, with respect to the Revolving Credit Facility only, a financial covenant that the Company is required to maintain a Net First Lien Leverage Ratio not to exceed 4.50:1.00, which is tested only if the aggregate amount of (i) revolving loans outstanding and (ii) letters of credit outstanding under the Revolving Credit Facility in excess of a specified threshold (unless cash collateralized) is in excess of 40% of the total commitments under the Revolving Credit Facility.

Convertible Notes and Capped Call Transactions

In March 2021, DraftKings Holdings Inc. (formerly DraftKings Inc.), a Nevada corporation ("Old DraftKings"), issued zero-coupon convertible senior notes in an aggregate principal amount of \$1,265.0 million, which includes proceeds from the full exercise of the over-allotment option (collectively, the "Convertible Notes"). The Convertible Notes will mature on March 15, 2028 (the "Notes Maturity Date"), subject to earlier conversion, redemption or repurchase. In connection with the issuance of the Convertible Notes, Old DraftKings incurred \$17.0 million of lender fees and \$1.7 million of debt financing costs, which are being amortized through the Notes Maturity Date. The Convertible Notes represent senior unsecured obligations of Old DraftKings, which are being amortized through the Notes Maturity Date.

The Convertible Notes are convertible at an initial conversion rate of 10.543 shares of DraftKings Inc.'s Class A common stock per \$1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately \$94.85 per share of DraftKings Inc.'s Class A common stock. The conversion rate is subject to adjustment upon the occurrence of certain specified events and includes a make-whole adjustment upon early conversion in connection with a make-whole fundamental change (as defined in the indenture governing the Convertible Notes). Since the issuance of the Convertible Notes, there have been no changes to the initial conversion price.

Prior to September 15, 2027, the Convertible Notes will be convertible by the holder only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the Notes Maturity Date. Old DraftKings will satisfy any conversion election by paying or delivering, as the case may be, cash, shares of DraftKings Inc.'s Class A common stock or a combination of cash and shares of DraftKings Inc.'s Class A common stock. As of June 30, 2025, no conditions were met to allow for the conversion of the Convertible Notes by any holder.

In connection with the pricing of the Convertible Notes and the exercise of the over-allotment option to purchase additional notes, Old DraftKings entered into a privately negotiated capped call transaction (“Capped Call Transactions”). The Capped Call Transactions have a strike price of \$94.85 per share, subject to certain adjustments, which corresponds to the initial conversion price of the Convertible Notes. The Capped Call Transactions have an initial cap price of \$135.50 per share, subject to certain adjustments. The Capped Call Transactions are expected generally to reduce potential dilution to DraftKings Inc.’s Class A common stock upon any conversion of Convertible Notes. As the transaction qualifies for equity classification, the net cost of \$124.0 million incurred in connection with the Capped Call Transactions was recorded as a reduction to additional paid-in capital on the Company’s condensed consolidated balance sheets.

As of June 30, 2025, the Company’s convertible debt balance was \$1,257.8 million, net of unamortized debt issuance costs of \$7.2 million. The amortization of debt issuance costs was \$0.7 million and \$1.3 million for the three and six months ended June 30, 2025, respectively, and \$0.7 million and \$1.3 million for the three and six months ended June 30, 2024, respectively, which is included in interest expense on the Company’s condensed consolidated statements of operations. Although recorded at amortized cost on the Company’s condensed consolidated balance sheets, the estimated fair value of the Convertible Notes was \$1,134.9 million and \$1,076.9 million as of June 30, 2025 and December 31, 2024, respectively, which was calculated using the estimated or actual bids and offers of the Convertible Notes in an over-the-counter market on the last business day of the period, which is a Level 1 fair value measurement.

As of June 30, 2025, the future principal payments for the Term B Loan and Convertible Notes were as follows:

	Years Ending December 31,
July 1, 2025 to December 31, 2025	\$ 2,989
2026	5,933
2027	5,874
2028	1,270,815
2029	5,757
Thereafter	572,132
Total	\$ 1,863,500

Indirect Taxes

Taxation of e-commerce is becoming more prevalent and could negatively affect the Company’s business as it primarily pertains to DFS and its contestants. The ultimate impact of indirect taxes on the Company’s business is uncertain, as is the period required to resolve this uncertainty. The Company’s estimated contingent liability for indirect taxes represents the Company’s best estimate of tax liability in jurisdictions in which the Company believes taxation is probable. The Company frequently reevaluates its tax positions for appropriateness.

Indirect tax statutes and regulations are complex and subject to differences in application and interpretation. Tax authorities may impose indirect taxes on Internet-delivered activities based on statutes and regulations which, in some cases, were established prior to the advent of the Internet and do not apply with certainty to the Company’s business. The Company’s estimated contingent liability for indirect taxes may be materially impacted by future audit results, litigation and settlements, should they occur. The Company’s activities by jurisdiction may vary from period to period, which could result in differences in the applicability of indirect taxes from period to period.

As of June 30, 2025 and December 31, 2024, the Company’s estimated contingent liability for indirect taxes was \$89.4 million and \$84.7 million, respectively. The estimated contingent liability for indirect taxes is recorded within other long-term liabilities on the condensed consolidated balance sheets and general and administrative expenses on the condensed consolidated statements of operations.

Warrant Liabilities

As part of the initial public offering of Diamond Eagle Acquisition Corp. (“DEAC”) on May 14, 2019 (the “IPO”), DEAC issued 13.3 million warrants each of which entitled the holder to purchase one share of DraftKings Inc.’s Class A common stock at an exercise price of \$11.50 per share (the “Public Warrants”). Simultaneously with the closing of the IPO, DEAC completed the private sale of 6.3 million warrants to DEAC’s sponsor (the “Private Warrants”), each of which entitled the holder to purchase one share of DraftKings Inc.’s Class A common stock at an exercise price of \$11.50 per share. As of June 30, 2025, there were no Public Warrants or Private Warrants outstanding. On April 23, 2025, the Private Warrants expired per the terms of the agreement. On May 5, 2022 (the “GNOG Closing Date”), DraftKings Inc. (formerly New Duke Holdco, Inc.) consummated the acquisition of Golden Nugget Online Gaming, Inc., a Delaware corporation, pursuant to a definitive agreement and plan of merger, dated August 9, 2021, in an all-stock transaction (the “GNOG Transaction”). On the GNOG Closing Date, in connection with the consummation of the GNOG Transaction, Old DraftKings entered into an assignment and assumption agreement (the “Old DraftKings Warrant Assignment Agreement”) with DraftKings Inc., Computershare Trust Company, N.A. and Computershare Inc. (together, “Computershare”), pursuant to which Old DraftKings assigned to DraftKings Inc. all of its rights, interests and obligations under the warrant agreement, dated as of May 10, 2019 (the “Old DraftKings Warrant Agreement”), by and between DEAC and Continental Stock Transfer & Trust Company, as warrant agent, as assumed by Old DraftKings and assigned to Computershare by that certain assignment and assumption agreement, dated as of April 23, 2020, governing Old DraftKings’ outstanding Private Warrants, on the terms and conditions set forth in the Old DraftKings Warrant Assignment Agreement. In connection with the consummation of the GNOG Transaction and pursuant to the Old DraftKings Warrant Assignment Agreement, each of the outstanding Private Warrants became exercisable for one share of DraftKings Inc. Class A common stock on the existing terms and conditions, except as otherwise described in the Old DraftKings Warrant Assignment Agreement.

In addition, on the GNOG Closing Date, in connection with the consummation of the GNOG Transaction, the Company assumed an additional 5.9 million warrants, each of which entitled the holder to purchase one share of GNOG’s Class A common stock at an exercise price of \$11.50 per share (the “GNOG Private Warrants”). Effective as of the consummation of the GNOG Transaction, each of the outstanding GNOG Private Warrants became exercisable for 0.365 of a share of DraftKings Inc.’s Class A common stock, or approximately 2.1 million shares of DraftKings Inc.’s Class A common stock in the aggregate, on the existing terms and conditions of such GNOG Private Warrants, except as otherwise described in the assignment and assumption agreement relating to the GNOG Private Warrants entered into on the GNOG Closing Date. As of June 30, 2025, there were 3.0 million GNOG Private Warrants outstanding, convertible into approximately 1.1 million shares of DraftKings Inc.’s Class A common stock.

The Company classifies the Public Warrants, the Private Warrants and the GNOG Private Warrants pursuant to Accounting Standards Codification Topic 815, *Derivatives and Hedging*, as derivative liabilities with subsequent changes in their respective fair values recognized in its consolidated statement of operations at each reporting date. As of June 30, 2025, the fair value of the Company’s warrant liability was \$14.2 million. Due to fair value changes throughout the three months ended June 30, 2025 and 2024, the Company recorded a loss on the remeasurement of its warrant liabilities of \$5.9 million and a gain on the remeasurement of its warrant liabilities of \$9.8 million, respectively. During the six months ended June 30, 2025 and 2024, the Company recorded a loss on the remeasurement of its warrant liabilities of \$3.4 million and \$8.3 million, respectively.

During the three and six months ended June 30, 2025, 0.1 million and 0.3 million Private Warrants were exercised, respectively. There were no GNOG Private Warrants exercised during the three and six months ended June 30, 2025. These Private Warrants exercises resulted in a reclassification to additional paid-in-capital in the amount of \$2.2 million and \$11.2 million for the three and six months ended June 30, 2025, respectively. On April 23, 2025, the Private Warrants expired per the terms of the agreement.

6. Fair Value Measurements

Certain assets and liabilities are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value and nonrecurring fair value measurements are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.

- Level 2 — Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

The following tables set forth the fair value of the Company's financial assets and liabilities measured at fair value as of June 30, 2025 and December 31, 2024 based on the three-tier fair value hierarchy:

June 30, 2025				
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents:				
Money market funds	\$ 278,780 ⁽¹⁾	\$ —	\$ —	\$ 278,780
Other non-current assets:				
Derivative instruments	—	—	7,059 ⁽³⁾	7,059
Equity securities	—	13,533 ⁽²⁾	—	13,533
Total	\$ 278,780	\$ 13,533	\$ 7,059	\$ 299,372
Liabilities				
Other current liabilities	\$ —	\$ —	\$ 36,028 ⁽⁵⁾	\$ 36,028
Warrant liabilities	—	14,205 ⁽⁴⁾	—	14,205
Other long-term liabilities	—	—	18,541 ⁽⁵⁾	18,541
Total	\$ —	\$ 14,205	\$ 54,569	\$ 68,774
December 31, 2024				
	Level 1	Level 2	Level 3	Total
Assets				
Other non-current assets:				
Derivative instruments	\$ —	\$ —	\$ 7,059 ⁽³⁾	\$ 7,059
Equity securities	—	13,533 ⁽²⁾	—	13,533
Total	\$ —	\$ 13,533	\$ 7,059	\$ 20,592
Liabilities				
Other current liabilities	\$ —	\$ —	\$ 3,300 ⁽⁵⁾	\$ 3,300
Warrant liabilities	—	22,033 ⁽⁴⁾	—	22,033
Other long-term liabilities	—	—	74,665 ⁽⁵⁾	74,665
Total	\$ —	\$ 22,033	\$ 77,965	\$ 99,998

- (1) Represents the Company's money market funds, which are classified as Level 1 because the Company measures these assets to fair value using quoted market prices.
- (2) Represents the Company's non-marketable equity securities, which are classified as Level 2 because the Company measures these assets to fair value using observable inputs for similar investments of the same issuer. The Company has elected the remeasurement alternative for these assets.
- (3) Represents the Company's derivative instruments held in other public and privately held entities. The Company measures these derivative instruments to fair value using option pricing models and, accordingly, classifies these assets as Level 3. There were no new Level 3 derivative instruments sold, purchased by or issued to the Company during the six months ended June 30, 2025. The table below includes a range and an average weighted by relative fair value of the significant unobservable inputs used to measure these Level 3 derivative instruments to fair value. The key inputs to the valuations are underlying stock price, volatility and risk free rate. A change in these significant unobservable inputs might result in a significantly higher or lower fair value measurement at the reporting date. Changes to fair value of these instruments are

recorded in Other gain (loss), net on the condensed consolidated statements of operations in the condensed consolidated statements of cash flows.

- (4) The Company measures its Private Warrants and the GNOG Private Warrants to fair value using a binomial lattice model or a Black-Scholes model, where appropriate, with the significant assumptions being observable inputs and, accordingly, classifies these liabilities as Level 2. Key assumptions used in the valuation of the Private Warrants and GNOG Private Warrants include term, risk free rate and volatility.
- (5) Represents the contingent consideration issuable to former SIQ, Dijon and Simplebet securityholders in connection with the acquisition of SIQ, the acquisition of Dijon and Simplebet Transaction upon the achievement of certain performance targets. The fair value of contingent consideration was generally calculated using customary valuation models based on probability-weighted outcomes of meeting certain future performance targets and forecasted results. The Company classified the contingent consideration liabilities as a Level 3 fair value measurement due to the lack of observable inputs used in the model. The key inputs to the valuations are the projections of future financial results in relation to the business, revenue risk premium, revenue volatility, and operational leverage ratio as well as management judgment regarding the probability of achieving a future performance target. The table below includes a range and an average weighted by relative fair value of the significant unobservable inputs used to measure contingent consideration at fair value. A change in these significant unobservable inputs might result in a significantly higher or lower fair value measurement at the reporting date. Changes to fair value of these instruments are recorded in Other (loss) gain, net on the condensed consolidated statements of operations.

Significant Unobservable Input of Level 3 Investments	June 30, 2025	December 31, 2024
	Range (Weighted Average)	Range (Weighted Average)
Revenue volatility	10.6% - 15.2% (13.2%)	17.3% - 17.7% (17.6%)
Equity volatility	45.0% - 47.1% (46.2%)	53.4% - 60.0% (55.3%)
Operational leverage ratio	65.0% - 75.0% (69.4%)	65.0% - 70.0% (66.4%)

The following table provides a roll forward of the recurring Level 3 fair value liability measurements:

	Six Months Ended June 30, 2025
Balance at January 1, 2025	\$ 77,965
Settlement of contingent consideration liabilities	(3,300)
Fair value adjustment to contingent consideration liabilities	(20,096)
Balance at June 30, 2025	\$ 54,569

7. Revenue Recognition

Deferred Revenue

The Company includes deferred revenue within accounts payable and accrued expenses and liabilities to users in the condensed consolidated balance sheets. The deferred revenue balances were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Deferred revenue, beginning of the period	\$ 133,700	\$ 128,869	\$ 166,463	\$ 174,212
Deferred revenue, end of the period	\$ 116,258	\$ 117,490	\$ 116,258	\$ 117,490
Revenue recognized in the period from amounts included in deferred revenue at the beginning of the period	\$ 114,776	\$ 103,033	\$ 154,413	\$ 168,604

Deferred revenue primarily represents contract liabilities related to the Company's obligation to transfer future value in relation to in period transactions in which the Company has received consideration. These obligations are primarily related to incentive programs and wagered amounts associated with unsettled or pending outcomes that fluctuate based on volume of activity. Such obligations are recognized as liabilities when awarded to users and are recognized as revenue when those liabilities are later resolved, often within the following period.

Revenue Disaggregation

We disaggregate revenue from contracts with customers by product vertical as we believe it best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Disaggregation of revenue for the three and six months ended June 30, 2025 and 2024 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Sportsbook	\$ 997,872	\$ 686,889	\$ 1,879,829	\$ 1,420,944
iGaming	429,660	350,552	853,131	720,549
Other	84,975	67,000	188,353	137,944
Total Revenue	\$ 1,512,507	\$ 1,104,441	\$ 2,921,313	\$ 2,279,437

Sportsbook revenue includes online sportsbook and retail sportsbook. Other revenue primarily includes DFS, digital lottery courier, gaming software, media and advertising revenue. The opening and closing balances of the Company's accounts receivable from contracts with customers were \$57.8 million and \$69.0 million for the six months ended June 30, 2025, respectively, and \$47.5 million and \$65.0 million for the six months ended June 30, 2024, respectively.

8. Stock-Based Compensation

The Company has historically issued three types of stock-based compensation: time-based awards, long-term incentive plan ("LTIP") awards and performance-based stock compensation plan ("PSP") awards. Time-based awards are equity awards that tie vesting to length of service with the Company and generally vest over a four-year period in annual and/or quarterly installments. LTIP awards are performance-based equity awards that are used to establish longer-term performance objectives and incentivize management to meet those objectives. PSP awards are performance-based equity awards which establish performance objectives related to one or two particular fiscal years. LTIP awards generally vest when revenue and/or Adjusted EBITDA targets are achieved amongst other conditions, while PSP awards generally vest upon achievement of revenue and/or Adjusted EBITDA targets and have a range of payouts amongst other conditions. All stock-based compensation awards expire seven to ten years after the grant date thereof.

The following table shows restricted stock unit ("RSU") and stock option activity for the six months ended June 30, 2025:

	Options	RSUs			Total	Weighted Average Exercise Price of Options	Weighted Average FMV of RSUs
		Time Based	PSP	LTIP			
Outstanding at December 31, 2024	20,775	16,253	14,506	859	52,393	\$ 8.31	\$ 23.75
Granted	200	6,097	1,332	—	7,629	51.27	43.18
Exercised options / vested RSUs	(2,004)	(4,395)	(8,461)	(371)	(15,231)	3.42	20.55
Change in awards due to performance multiplier	—	—	4,230	—	4,230	—	49.90
Forfeited	(6)	(849)	(267)	(68)	(1,190)	18.01	26.20
Outstanding at June 30, 2025	18,965	17,106	11,340	420	47,831	\$ 9.28	\$ 28.98

As of June 30, 2025, total unrecognized stock-based compensation expense of \$697.3 million related to granted, and unvested stock-based compensation arrangements is expected to be recognized over a weighted-average period of 2.7 years. The following tables shows stock compensation expense for the three and six months ended June 30, 2025 and 2024:

	Three Months Ended June 30, 2025			Three Months Ended June 30, 2024		
	Options	RSUs	Total	Options	RSUs	Total
Time-based (1)	\$ 1,964	\$ 54,629	\$ 56,593	\$ 7,934	\$ 43,740	\$ 51,674
PSP (2)	—	28,045	28,045	—	37,449	37,449
LTIP (2)	—	63	63	—	1,097	1,097
Total	\$ 1,964	\$ 82,737	\$ 84,701	\$ 7,934	\$ 82,286	\$ 90,220

	Six Months Ended June 30, 2025			Six Months Ended June 30, 2024		
	Options	RSUs	Total	Options	RSUs	Total
Time-based (1)	\$ 3,900	\$ 97,321	\$ 101,221	\$ 9,978	\$ 82,797	\$ 92,775
PSP (2)	—	61,215	61,215	—	89,801	89,801
LTIP (2)	—	1,111	1,111	—	1,179	1,179
Total	\$ 3,900	\$ 159,647	\$ 163,547	\$ 9,978	\$ 173,777	\$ 183,755

(1) Time-based awards vest and are expensed over a defined service period.

(2) PSP and LTIP awards vest based on defined performance criteria and are expensed based on the probability of achieving such criteria.

9. Income Taxes

The Company's income tax provision (benefit) for the three and six months ended June 30, 2025 and 2024 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Income tax provision (benefit)	\$ 11,790	\$ (73,570)	\$ 6,190	\$ (73,921)

The effective tax rates for the three months ended June 30, 2025 and 2024 were 6.9% and 773.6%, respectively, and the effective tax rates for the six months ended June 30, 2025 and 2024 were 4.7% and 48.4%. The difference between the Company's effective tax rates for the three and six month periods in 2025 and 2024 and the U.S. statutory tax rate of 21% was primarily due to a valuation allowance related to the Company's deferred tax assets, offset partially by current state tax and current foreign tax. The Company regularly evaluates the realizability of its deferred tax assets and establishes a valuation allowance if it is more likely than not that some or all of the deferred tax assets will not be realized.

On July 4, 2025, the President signed into law the One Big Beautiful Bill Act (the "Act"), which introduced significant changes to the U.S. federal income tax code. The Act includes provisions affecting corporate tax rates on specified eligible income, timing of tax deductibility of depreciation, interest expense and research and development costs, and the taxation of foreign income. The effects of these changes will be recognized in the period that contains the effective date of the relevant change. We currently do not expect the Act to have a material impact on our financial statements. We will continue to evaluate the broader implications of the Act, including the potential effects of future regulatory guidance and interpretations. Additional adjustments may be required in periods subsequent to enactment as further information becomes available.

10. Segment Information

Segment Information

The Company has one consolidated operating segment. This segment provides users with Sportsbook, iGaming, DFS and digital lottery courier product offerings, media, and other online product offerings as well as the design, development and licensing of sports betting and casino gaming software for its Sportsbook and iGaming product offerings. The Company drives revenue primarily in North America and manages its business activities on a consolidated basis.

The determination of reportable operating segments is based on the Chief Operating Decision Maker's ("CODM") use of financial information provided for the purposes of assessing performance and making operating decisions. The Company's CODM is its Co-founder and Chief Executive Officer. The CODM uses net income (loss) to allocate resources and assess the performance of the Company by comparing actual results to historical results and previously forecasted financial information and the allocation of budget between cost of revenues, sales and marketing, product and technology, and general and administrative expenses. The measure of segment assets is reported on the condensed consolidated balance sheets as total consolidated assets.

The accounting policies of the Company's consolidated segment are the same as those described in "Note 2 – Summary of Significant Accounting Policies and Practices." Any intercompany revenues or expenses are eliminated in consolidation.

The following table presents revenue, significant expenses, and net income (loss) for our consolidated segment:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Total revenue	\$ 1,512,507	\$ 1,104,441	\$ 2,921,313	\$ 2,279,437
<i>Less:</i>				
Cost of revenue: Gaming taxes	501,929	380,686	985,332	782,359
Cost of revenue: Other ⁽¹⁾	291,736	246,893	586,345	507,104
Adjusted sales and marketing expenses ⁽²⁾	222,898	207,203	556,096	542,425
Adjusted product and technology expenses ⁽²⁾	87,556	66,885	175,009	135,883
Adjusted general and administrative expenses ⁽²⁾	107,744	74,807	215,257	161,309
Depreciation and amortization	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
Stock-based compensation	84,701	90,220	163,547	183,755
Income tax provision (benefit)	11,790	(73,570)	6,190	(73,921)
Other segment items ⁽³⁾	(18,417)	(594)	(20,890)	32,418
Consolidated net income (loss)	\$ 157,936	\$ 63,822	\$ 124,072	\$ (78,746)

- (1) Cost of revenue: Other includes all cost of revenue, other than gaming tax, presented in the condensed consolidated statements of operations, adjusted for the impact of depreciation and amortization and stock-based compensation.
- (2) These items represent the respective line items in the condensed consolidated statements of operations, adjusted for the impact of depreciation and amortization; stock-based compensation; transaction-related costs; certain litigation, settlement and related costs; certain advocacy and other related legal expenses; and other expenses, as further described below.
- (3) Other segment items include: (i) transaction-related costs (ii) certain external legal costs related to litigation and litigation settlement costs deemed unrelated to our ordinary-course business operations; (iii) certain 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, excluding 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 costs relating to advocacy efforts and other legal expenses incurred in jurisdictions where related legislation has been passed and we currently operate; (iv) (gain) loss on remeasurement of warrant liabilities; (v) (gain) loss from equity method investments; and (vi) other items not associated with our primary offerings, such as gains or losses on contingent consideration, gain or losses on business disposals and termination-related expenses.

11. Earnings (Loss) Per Share

The computation of earnings (loss) per share and weighted-average shares of the Company's Class A common stock outstanding for the periods presented are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income (loss) attributable to common stockholders – basic	\$ 157,936	\$ 63,822	\$ 124,072	\$ (78,746)
Loss (gain) on remeasurement of warrant liabilities	(990)	(9,791)	(1,483)	—
Net income (loss) attributable to common stockholders – diluted	\$ 156,946	\$ 54,031	\$ 122,589	\$ (78,746)
Denominator:				
Weighted-average Class A common stock outstanding – basic	496,517	479,307	494,945	476,788
Weighted-average diluted impact of options and RSUs (1)	19,578	25,616	21,109	—
Weighted-average diluted impact of convertible notes (2)	13,337	13,337	13,337	—
Weighted-average diluted impact of warrant liabilities (1)	22	525	160	—
Weighted-average Class A common stock outstanding – diluted	529,454	518,785	529,551	476,788
Anti-dilutive securities excluded from the calculation of diluted earnings per share	12,697	6,308	10,649	N/A
Basic earnings per share attributable to common stockholders:	\$ 0.32	\$ 0.13	\$ 0.25	\$ (0.17)
Diluted earnings per share attributable to common stockholders:	\$ 0.30	\$ 0.10	\$ 0.23	\$ (0.17)

(1) Calculated using the treasury stock method

(2) Calculated using if-converted method

There were no preferred or other dividends declared for the three and six months ended June 30, 2025. The below table includes the total securities potentially dilutive for the three and six months ended June 30, 2025 and 2024, which have been excluded from the computation of diluted earnings (loss) per share.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Class A common stock resulting from exercise of all warrants	1,074	—	1,074	1,441
Stock Options and RSUs	22,964	22,107	20,916	56,801
Convertible notes	—	—	—	13,337
Total	24,038	22,107	21,990	71,579

The Company has contingent consideration arrangements related to business combinations as disclosed in “Note 3 – Business Combinations”. Those potential shares have been excluded from the computations and tables above as they are contingently issuable shares, and the contingency to which the issuance relates was not met at the end of the reporting period.

12. Related-Party Transactions

Equity Method Investments

The Company has committed to invest up to \$17.5 million in DBDK Venture Fund I, LP and \$21.0 million in DBDK Fund II, LP. Both funds are Delaware limited partnerships and are both managed by Drive by DraftKings, LLC (“DBDK”). As of June 30, 2025, the Company had invested a total of \$11.9 million and none of the total commitment in DBDK Venture Fund I, LP and DBDK Fund II, LP, respectively. The Company also provides office space and general operational support to DBDK, which is partially owned by DKFS, LLC, an equity-method affiliate in which the Company has a 49.9% membership interest, in exchange for services-in-kind. The operational support is primarily general and administrative services.

Aircraft

On each of March 30, 2025 and 2024, the Company renewed a one-year lease of an aircraft from an entity controlled by Mr. Robins, pursuant to which Mr. Robins’ entity leased the aircraft to the Company for \$0.6 million for a one-year period (the “Aircraft Leases”). The Company covered all operating, maintenance and other expenses associated with the aircraft. The audit and compensation committees of the Company’s Board of Directors approved this arrangement, as well as the Aircraft Leases, based on, among other things, the requirements of the overall security program that Mr. Robins and his family fly private and the committees’ assessment that such an arrangement is more efficient and flexible and better ensures safety, confidentiality and

privacy. During the three and six months ended June 30, 2025, the Company incurred \$0.1 million and \$0.3 million of expense under the Aircraft Leases, respectively, as well as \$1.1 million for upgrades related to the aircraft.

13. Commitments and Contingencies

Contractual Obligations and Contingencies

The Company is a party to several non-cancelable contracts with vendors where the Company is obligated to make future minimum payments under the terms of these contracts as follows:

	Years Ending December 31,
From July 1, 2025 to December 31, 2025	\$ 219,628
2026	217,186
2027	135,716
2028	73,256
2029	68,504
Thereafter	80,625
Total	\$ 794,915

Surety Bonds

As of June 30, 2025, the Company has been issued \$460.0 million in surety bonds at a combined annual premium cost of 0.4%, which are held for certain regulators' use and benefit in order for the Company to satisfy state license requirements. There have been no claims against such bonds and the likelihood of future claims is remote.

Stock Repurchase Program

On July 30, 2024, the Company's Board of Directors authorized the repurchase of an aggregate of up to \$1.0 billion of the Company's Class A common stock (the "Stock Repurchase Program"). Under the Stock Repurchase Program the Company may make repurchases of its Class A common stock through open market purchases, privately negotiated transactions or other transactions in accordance with applicable securities laws, subject to market conditions and other factors. The Company's Stock Repurchase Program does not require it to acquire any specific number or amount of its Class A common stock and may be terminated at any time. The Company may enter into Rule 10b5-1 plans from time to time to facilitate repurchases of its Class A common stock in connection with its Stock Repurchase Program.

The Company repurchased 2.9 million shares for \$100.5 million and 6.5 million shares for \$242.7 million during the three and six months ended June 30, 2025, respectively, under the Stock Repurchase Program.

Contingencies

We are involved in a number of legal proceedings (including those described below) concerning matters arising in connection with the conduct of our business activities. These proceedings are at varying stages, and many of these proceedings seek an indeterminate amount of damages. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or an additional loss may have been incurred and to determine if accruals are appropriate. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of the possible loss or range of possible loss can be made.

For certain cases described on the following pages, management is unable to provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in various stages; (ii) damages have not been sought; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties involved. Unless otherwise indicated, for each of the matters described below, management does not believe that, despite the potential for significant damages, and based on currently available information, the outcome of any specific matter will have a material adverse effect on our financial condition, though an outcome of a specific matter could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

Attorney General of Texas

On January 19, 2016, the Texas Attorney General issued an opinion letter that “odds are favorable that a court would conclude that participation in paid daily fantasy sports leagues constitutes illegal gambling” under Texas law. In response to the opinion letter, we sued the Texas Attorney General on March 4, 2016 in Dallas County, Texas.

The lawsuit makes five claims: (1) a claim for a declaratory judgment that daily fantasy sports contests do not violate Texas law; (2) a claim of denial of due process under the Fifth and Fourteenth Amendments to the U.S. Constitution; (3) a claim of denial of due course of law under Article I of the Texas Constitution; (4) a claim of denial of equal protection under the Fourteenth Amendment to the U.S. Constitution; and (5) a claim of denial of equal rights under Article I of the Texas Constitution. We are also seeking reimbursement of our costs and attorneys’ fees.

On April 16, 2018, the parties filed a notice of agreed non-suit without prejudice, and we re-filed our lawsuit against the Texas Attorney General in Travis County. On April 17, 2018, the Dallas County court granted the parties’ agreed non-suit without prejudice, thereby dismissing the Dallas County lawsuit without prejudice. FanDuel filed a petition in intervention on August 24, 2018, seeking essentially the same relief as the Company seeks. The parties filed an agreed motion to extend the scheduling order seeking, among other things, to change the non-jury trial date to January 18, 2027.

We intend to vigorously pursue our claims. In the event a court ultimately determines that daily fantasy sports contests violate Texas law, that determination could cause financial harm to us and loss of business in Texas.

We cannot predict with any degree of certainty the outcome of these matters or determine the extent of any potential liabilities.

Winview I

On July 7, 2021, Winview Inc., a Delaware corporation (“Winview”) filed suit against the Company in the U.S. District Court for the District of New Jersey. In the complaint, Winview alleges that the Company infringes two patents: U.S. Patent No. 9,878,243 (“the ‘243 Patent”), entitled “Methodology for Equalizing Systemic Latencies in Television Reception in Connection with Games of Skill Played in Connection with Live Television Programming”, and U.S. Patent No. 10,721,543 (“the ‘543 Patent”), entitled “Method of and System for Managing Client Resources and Assets for Activities on Computing Devices”. The allegations based on the ‘243 Patent are directed to Sportsbook, and the allegations based on the ‘543 Patent are directed to both Sportsbook and DFS.

On July 28, 2021, Winview filed an amended complaint, in which it alleges that the Company infringes two additional patents: U.S. Patent No. 9,993,730 (“the ‘730 Patent”), entitled “Methodology for Equalizing Systemic Latencies in Television Reception in Connection with Games of Skill Played in Connection with Live Television Programming”, and U.S. Patent No. 10,806,988 (“the ‘988 Patent”), entitled “Method Of and System For Conducting Multiple Contests of Skill with a Single Performance”. The allegations based on the ‘730 Patent are directed at Sportsbook, and the allegations based on the ‘988 Patent are directed at DFS.

On November 15, 2021, Winview filed a second amended complaint (the “SAC”), adding as defendants DK Crown Holdings Inc. and Crown Gaming Inc., a Delaware corporation, which are wholly-owned subsidiaries of the Company. The SAC, among other allegations, repeats the allegations of the first amended complaint that the defendants infringe the ‘243 Patent, the ‘543 Patent, the ‘730 Patent, and the ‘988 Patent. On December 15, 2021, the Company filed a motion to dismiss the SAC, arguing that Winview failed to state a claim for direct infringement of the ‘543 Patent and the ‘730 Patent, and for willful, induced, and contributory infringement for all four asserted patents.

On August 3, 2022, we filed a petition for inter partes review with the PTAB challenging the validity of the ‘243 Patent. On July 25, 2022, FanDuel filed petitions for inter partes review with the PTAB challenging the validity of the ‘543 and ‘730 Patents. On September 20, 2022, the court entered an order staying the pending motion to dismiss and staying all discovery pending final resolution of the petition for inter partes review through a final written decision. On February 15, 2023, the District Court administratively terminated the lawsuit pending the PTAB’s final written decision. On January 29, 2024, the PTAB issued final written decisions in the IPRs, finding unpatentable all challenged claims of the ‘243, ‘543, and ‘730 Patents. On February 16, 2024, the parties jointly requested that the case remain administratively terminated. On February 20, 2024, the court granted the request.

On March 29, 2024, Winview filed a notice of appeal in the United States Court of Appeals for the Federal Circuit, challenging the PTAB's final written decisions in the IPRs. On April 11, 2024, the parties jointly requested that the district court litigation remain administratively terminated until at least the Federal Circuit issues its mandate regarding Winview's appeals. On April 15, 2024, the district court ordered the case to remain administratively terminated. On June 26, 2024, Winview and DraftKings filed a joint stipulation of voluntary dismissal of Winview's appeal. On June 28, 2024, the United States Court of Appeals for the Federal Circuit ordered Winview's appeal dismissed.

On December 17, 2024, the court dismissed all of Winview's claims with respect to U.S. Patent Nos. 9,878,243 and 9,930,730. On January 6, 2025, Defendants filed a motion to dismiss Winview's direct infringement claims for U.S. Patent No. 10,721,543 as well as Winview's claim for willful, induced, and contributory infringement for the two remaining patents-in-suit. On July 11, 2025, the court granted the Company's motion to dismiss without prejudice.

We intend to vigorously defend this case. In the event that a court ultimately determines that we are infringing the asserted patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to modify certain features that we currently offer.

We cannot predict with any degree of certainty the outcome of this matter or determine the extent of any potential liabilities. We also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

AG 18, LLC d/b/a Arrow Gaming

On August 19, 2021, AG 18, LLC d/b/a Arrow Gaming ("Arrow Gaming") filed a complaint against the Company in the United States District Court for the District of New Jersey alleging that the Company's DFS and Casino product offerings infringe four patents. On October 12, 2021, Arrow Gaming filed an amended complaint to add one additional patent. The following U.S. Patents are asserted against one or both of the Company's DFS and Casino product offerings in the amended complaint: (1) U.S. Patent No. 9,613,498, entitled "Systems and Methods For Peer-to-Peer Gaming"; (2) U.S. Patent No. 9,978,205, entitled "Location Based Restrictions on Networked Gaming"; (3) U.S. Patent No. 10,497,220 entitled "Location Based Restrictions on Networked Gaming"; (4) U.S. Patent No. 10,614,657 entitled "Location Based Restrictions on Networked Gaming"; and (5) U.S. Patent No. 11,024,131 entitled "Location Based Restrictions on Networked Gaming" (collectively, the "Arrow Gaming Patents").

On November 10, 2021, we answered the complaint and filed counterclaims (the "Counterclaims"). In the Counterclaims we seek, among other things, a declaratory judgment that the Arrow Gaming Patents are invalid. On December 1, 2021, Arrow Gaming answered our Counterclaims. On December 20, 2021, Arrow Gaming filed a second amended complaint adding new allegations with respect to alleged willful infringement.

On January 21, 2022, the Company filed a motion to dismiss plaintiff's second amended complaint. On October 21, 2022, the Company filed a renewed motion to dismiss plaintiff's complaint. On November 4, 2022, the Company filed a motion to stay the case pending resolution of the below-referenced petitions for inter partes review.

Between August 22, 2022 and August 30, 2022, the Company filed petitions for inter partes review ("IPRs") with the PTAB challenging the validity of each of the Arrow Gaming Patents. On March 14, 2023, the PTAB granted institution of all IPRs. On March 12 and 13, 2024, the PTAB issued final written decisions in all pending IPRs finding all claims that were asserted in the litigation unpatentable. Only two claims were not found unpatentable: claim 18 of the '205 Patent and claim 11 of the '657 Patent. Neither of these claims were asserted in the litigation brought by Arrow Gaming.

On May 14, 2024, Arrow Gaming filed a Notice of Appeal of the IPR directed to the '498 Patent. That appeal remains pending.

On July 10, 2024, DraftKings filed a Notice of Appeal of the IPR directed to the '205 Patent challenging the PTAB's final written decision as to claim 18 of the '205 Patent. That appeal remains pending.

On April 3, 2023, the District Court administratively terminated the lawsuit pending the PTAB's final written decisions. The parties have agreed to maintain the stay pending any appeals of the PTAB's final written decisions in the IPRs.

We intend to vigorously defend this case. In the event that a court ultimately determines that we are infringing the asserted patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to modify certain features that we currently offer.

We cannot predict with any degree of certainty the outcome of this matter or determine the extent of any potential liabilities. We also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

Diogenes Ltd. & Colossus (IOM) Ltd.

On December 1, 2021, Diogenes Ltd. & Colossus (IOM) Ltd. ("Colossus"), filed a complaint against the Company in the United States District Court for the District of Delaware alleging that the Company's Sportsbook product offering infringes seven of its patents. The following U.S. Patents, each entitled "Wagering apparatus, methods and systems", are asserted against the Company's Sportsbook product offering in the complaint: U.S. Patent No. 8,721,439 ("the '439 patent"); U.S. Patent No. 9,117,341 ("the '341 patent"); U.S. Patent No. 9,275,516 ("the '516 patent"); U.S. Patent No. 9,424,716 ("the '716 patent"); U.S. Patent No. 9,704,338 ("the '338 patent"); U.S. Patent No. 10,970,969 ("the '969 patent"); and U.S. Patent No. 10,997,822 ("the '822 patent").

On January 24, 2022, the Company filed a motion to dismiss the original complaint. On February 7, 2022, Colossus filed an amended complaint (the "Amended Complaint") to, among other things, assert one additional patent against the Company, U.S. Patent No. 11,200,779 ("the '779 patent"). The patents asserted by Colossus are collectively referred to as the "Colossus Patents."

The Company filed a motion to dismiss the Amended Complaint on February 22, 2022. On July 18, 2022, Magistrate Judge Burke issued a report and recommendation (the "Report and Recommendation") that the motion to dismiss be granted-in-part and denied-in-part. On August 26, 2022, District Court Judge Noreika adopted the Report and Recommendation of Magistrate Judge Burke regarding the motion to dismiss. On December 27, 2022, the Company filed an Answer to the Amended Complaint, including certain affirmative defenses. On January 17, 2023, Colossus filed a motion to strike the affirmative defense of unenforceability from the Company's Answer. On February 7, 2023, the Company filed an Amended Answer and Counterclaims to the Amended Complaint, and also filed a response to Colossus' motion to strike. On February 28, 2023, Colossus filed another motion to strike DraftKings' inequitable conduct affirmative defense and counterclaim. Magistrate Judge Burke held a hearing on Colossus' motion on June 6, 2023 and subsequently issued a report and recommendation (the "Second Report and Recommendation") that the motion be denied in part and granted in part. On August 2, 2023, Judge Noreika overruled Colossus' objections and adopted the Second Report and Recommendation.

Between November 29, 2022, and February 7, 2023, the Company filed petitions for inter partes review with the PTAB challenging the validity of the Colossus Patents. The PTAB granted institution of IPRs for each of the '341 patent, '969 patent, and the '822 patent. The PTAB denied institution of IPR for each of the '516 patent, '716 patent, '338 patent and the '779 patent. On September 11, 2023, the Company filed a request for Director Review of the PTAB's decision not to institute review in the IPR for the '779 patent. On November 7, 2023, the Director of the U.S. Patent and Trademark Office delegated Director Review of the PTAB's institution decision in the IPR for the '779 Patent to the Delegated Review Panel ("DRP") to determine whether to grant rehearing. On February 21, 2024, the DRP issued a decision vacating the PTAB's denial of institution of the IPR directed to the '779 Patent and instructing the PTAB to reconsider institution. On May 15, 2024, the PTAB instituted the IPR directed to the '779 Patent. On May 9, 2025, the PTAB issued a final written decision finding all claims of the '779 Patent that were asserted in the litigation unpatentable. On July 7, 2025, Colossus filed a Notice of Appeal in the United States Court of Appeals for the Federal Circuit, challenging the PTAB's final written decision in the IPR directed to the '779 Patent.

On March 15, 2024, the parties entered into a partial settlement agreement, in which the parties agreed to, among other things: (1) dismissal with prejudice of the claims relating to the '439 patent; '341 patent; '516 patent; '716 patent; '338 patent; '969 patent; and the '822 patent; and (2) DraftKings' withdrawal of its IPRs with respect to the '341 Patent, the '969 Patent, and the '822 Patent. The dismissal and withdrawal both occurred on March 18, 2024. Only the '779 Patent remains pending in the district court litigation. The parties have stipulated to a stay of the district court litigation pending resolution of the IPR directed to the '779 Patent.

We intend to vigorously defend this case. In the event that a court ultimately determines that we are infringing the asserted patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to modify certain features that we currently offer.

We cannot predict with any degree of certainty the outcome of this matter or determine the extent of any potential liabilities. We also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

Steiner

Nelson Steiner filed suit against the Company and FanDuel Inc. in Florida state court on November 9, 2015. The action was subsequently transferred to In Re: Daily Fantasy Sports Litigation (Multi-District Litigation) (the "MDL"), and Mr. Steiner's action was consolidated into the MDL's amended complaint, which, in February 2016, consolidated numerous actions (primarily purported class actions) filed against the Company, FanDuel, and other related parties in courts across the United States. By June 23, 2022, the MDL was resolved, except for Mr. Steiner's action, and the court officially closed the MDL docket on July 8, 2022.

Mr. Steiner brings this action as a concerned citizen of the state of Florida alleging that, among other things, defendants' daily fantasy sports contests are illegal gambling under the state laws of Florida and seeks disgorgement of "gambling losses" purportedly suffered by Florida citizens on behalf of the state. On June 23, 2022, the MDL court remanded Mr. Steiner's action to the Circuit Court for Pinellas County, Florida. Plaintiff has not yet filed an amended pleading.

On July 30, 2025, the Court conducted a hearing on the plaintiff's request for a Status Conference and a Case Management Order. The Court ordered that Plaintiff file an amended complaint, if any, ten (10) days from July 30, 2025.

The Company intends to vigorously defend this suit. Any adverse outcome in this matter could subject the Company to substantial damages and it could be restricted from offering DFS contests in Florida. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in these matters could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

Securities Matters Arising From DraftKings Marketplace ("Marketplace") and Related Matters

On March 9, 2023, a putative class action was filed in Massachusetts federal court by an alleged purchaser of non-fungible tokens ("NFTs") on the Marketplace. The complaint asserted claims for violations of federal and state securities laws against the Company and three of its officers on the grounds that, among other things, the NFTs that are sold and traded on Marketplace allegedly constituted securities that were not registered with the SEC in accordance with federal and Massachusetts law, and that Marketplace is a securities exchange that is not registered in accordance with federal and Massachusetts law. Based on these allegations, the plaintiff brought claims seeking rescissory damages and other relief on behalf of himself and a putative class of persons who purchased NFTs on Marketplace between August 11, 2021 and the present. On September 25, 2023, defendants filed a motion seeking dismissal of this action. On July 2, 2024, the district court denied the motion to dismiss. On February 26, 2025, the parties entered into a Stipulation and Agreement of Settlement subject to, among other things, court approval. On July 30, 2025, the court entered its Order and Final Judgment, among other things, certifying the settlement class, approving the settlement and dismissing the action with prejudice. We established an accrual for this matter as of December 31, 2024.

Beginning in July 2023, the Company received subpoenas from the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts (the "Massachusetts Securities Division") seeking information concerning, among other things, Marketplace and NFTs that were sold on Marketplace, and related matters, and from the United States Securities and Exchange Commission (the "SEC") seeking documents concerning, among other things, the blockchain on which NFTs that were sold on Marketplace were minted and digital assets and validator nodes associated with that blockchain, and related matters. On June 3, 2025, the SEC informed the Company that it concluded its inquiry. We have complied with the request by the Massachusetts Securities Division.

Any adverse outcome in the Massachusetts Securities Division matters could subject the Company to substantial damages and/or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of the Massachusetts Securities Division matter.

The Company cannot predict with any degree of certainty the outcome of the Massachusetts Securities Division matter or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in the Massachusetts Securities Division matter could expose the Company to substantial damages, penalties and/or require alterations to the Company that may have a material adverse impact on the Company's operations and cash flows.

Shareholder Derivative Litigation Related to Marketplace

On May 31, 2023, the first of three substantially similar, putative shareholder derivative actions was filed in Nevada state court by an alleged shareholder of the Company. On October 29, 2024, the court entered a stipulated order consolidating the three actions under the caption *In re DraftKings Inc. Stockholder Derivative Litigation* and appointed lead counsel. On December 23, 2024, the plaintiffs filed a consolidated amended complaint. The complaint purports to assert claims on behalf of the Company against certain senior officers and members of the Board of Directors of the Company for breach of fiduciary duty, aiding-and-abetting breach of fiduciary duty, unjust enrichment, and corporate waste based primarily on allegations that the defendants caused or allowed the Company to sell NFTs in violation of applicable law and/or operate the Company as an unregistered broker-dealer or securities exchange in violation of applicable law. The complaint also alleges that certain individuals are liable for trading in Company stock at artificially inflated prices. The actions seek unspecified compensatory damages, changes to corporate governance and internal procedures, restitution, disgorgement, costs and attorney's fees, and other unspecified relief. On February 21, 2025, the defendants moved to dismiss the complaint, which motions remain pending.

The Company cannot predict with any degree of certainty the outcome of this matter or determine the extent of any potential liabilities. The Company also cannot provide an estimate of the possible loss or range of loss. Because this action alleges claims on behalf of the Company and purports to seek a judgment in favor of the Company, the Company does not believe, based on currently available information, that the outcome of the proceedings will have a material adverse effect on the Company's financial condition, although the outcome could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period.

Scanlon

On December 8, 2023, plaintiffs Melissa Scanlon and Shane Harris, individually and on behalf of others similarly situated, filed a purported class action lawsuit against DraftKings in Middlesex County Superior Court of Massachusetts. Among other things, plaintiffs allege that the Company's promotion that offered new customers an opportunity to earn up to 1,000 in site credits, and related advertisements, were: (1) unfair or deceptive practices in violation of Massachusetts General Laws ("M.G.L.") c. 93A, §§ 2, 9; and (2) untrue and misleading advertising in violation of M.G.L. c. 266, § 91. The plaintiffs are seeking, among other things, injunctive relief, actual damages, double or treble damages, and attorneys' fees.

On March 26, 2024, the case was transferred to the Business Litigation Session ("BLS") of the Massachusetts Superior Court.

On January 29, 2024, DraftKings filed a motion to dismiss all of plaintiffs' claims. On August 19, 2024, the court denied the motion to dismiss.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and /or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

McAfee

On June 10, 2024, plaintiff Matthew McAfee, individually and on behalf of all others similarly situated, filed a purported class action lawsuit against DraftKings in the Hamilton County Superior Court, State of Indiana. Among other things, plaintiff alleges that those customers who had winning bets placed and accepted on the October 24, 2023 Lakers versus Nuggets basketball game that were subsequently canceled by DraftKings for obvious error were not timely canceled and should have been paid. plaintiff brings claims for: (1) Indiana Deceptive Consumer Sales Act – Incurable Deceptive Act; (2) Indiana

Deceptive Consumer Sales Act – Uncured Deceptive Act; and (3) breach of contract. plaintiff seeks, among other things, actual and statutory damages, treble and exemplary damages, interest, and attorney fees and costs.

On July 12, 2024, DraftKings removed the matter to the United States District Court for the Southern District of Indiana. On August 14, 2024, DraftKings filed a motion to dismiss. On February 7, 2025, the court granted DraftKings’ motion to dismiss as to plaintiff’s DCSA claims and denied DraftKings’ motion to dismiss as to plaintiff’s breach of contract claim. The court also held that DraftKings may amend its response to plaintiff’s motion for class certification up until February 24, 2025. On February 12, 2025, McAfee filed a motion for leave to file a first amended complaint. On May 9, 2025, the court denied the motion to amend.

On November 20, 2024, plaintiff filed a motion for class certification. On December 16, 2024, DraftKings filed its opposition, and on December 24, 2024, plaintiff filed his reply. On June 11, 2025, Plaintiff filed an amended motion for class certification. On June 27, 2025, DraftKings filed an opposition, and Plaintiff filed a reply on July 7, 2025. The class certification motion remains pending.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company’s business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company’s operations and cash flows.

Aminov

On September 30, 2024, plaintiff Nerye Aminov, individually and on behalf of others similarly situated, filed a purported class action lawsuit against DraftKings in the Supreme Court of the State of New York, County of Queens. Among other things, plaintiff alleged that the Company’s promotion that offered new customers an opportunity to earn up to 1,000 in site credits, and related advertisements were unfair or deceptive practices in violation of New York General Business Law §§ 349-350. Plaintiff also asserted claims for intentional misrepresentation, fraudulent inducement, and quasi-contract/unjust enrichment. Plaintiff seeks, among other things, injunctive relief, actual damages, punitive damages, and attorneys’ fees. Plaintiff sought to certify a nationwide class, with a New York subclass. On December 11, 2024, DraftKings removed this matter to the United States District Court for the Eastern District of New York. DraftKings filed a motion to dismiss on February 3, 2025.

On July 28, 2025, the court granted DraftKings’ motion to dismiss as to all claims with prejudice, and on July 29, 2025, judgment was entered dismissing the complaint.

National Football League Players Association

On August 20, 2024, the plaintiffs, National Football League Players Association and National Football League Players Incorporated, filed a complaint against DraftKings in the United States District Court for the Southern District of New York alleging, among other things, that DraftKings breached its Licensing Agreement (the “Agreement”) with the plaintiffs. The plaintiffs sought, among other things, payment of all purported unpaid sums due under the Agreement. On November 25, 2024, DraftKings filed a partial motion to dismiss the complaint. On February 28, 2025, the parties entered into a settlement agreement, and on March 3, 2025, the lawsuit was dismissed with prejudice. We have established an accrual for this matter as of December 31, 2024.

Wan

On December 13, 2024, plaintiff Jeffrey Wan, individually and on behalf of all others similarly situated, filed a purported class action complaint against the Company in the United States District Court for the Southern District of New York. Plaintiff alleged, among other things, that the Company violated the Video Privacy Protection Act (“VPPA”) through the use of pixels and other tracking technologies on the Company’s website and mobile application in connection with the Company’s online casino games.

DraftKings filed a motion to dismiss on February 21, 2025. In response, plaintiff filed an Amended Complaint on March 14, 2025, and added a claim that the Company violated the Federal Wiretap Act. On April 28, 2025, DraftKings filed a motion to dismiss the amended complaint.

On June 20, 2025, the parties entered into a settlement agreement, and the lawsuit was thereafter dismissed.

Avila

On December 23, 2024, plaintiff Eric Avila, individually and on behalf of all others similarly situated, filed a purported class action complaint against DraftKings Inc. and DK Player Reserve LLC in the United States District Court, District of Massachusetts. Plaintiff alleged that DraftKings interfered or prevented customers from withdrawing balances from closed accounts. Plaintiff asserted claims for breach of contract, violation of Texas Deceptive Trade Practices Act, fraud, unjust enrichment, and conversion. Plaintiff sought, on behalf of himself and the purported class, damages, punitive damages and attorney fees. Plaintiff sought a nationwide class of (i) all persons whose DraftKings' accounts were terminated by DraftKings and who were denied access to their account balances by DraftKings; and (ii) a Texas subclass of all persons in Texas whose DraftKings accounts were terminated by DraftKings and who were denied access to their account balances by DraftKings. On April 1, 2025, DraftKings filed a motion to dismiss.

On June 13, 2025, the parties entered into a settlement agreement, and the lawsuit was thereafter dismissed.

Youngs

On January 7, 2025, plaintiff Matthew Youngs, individually and on behalf of all others similarly situated, filed a purported class action complaint against DraftKings Inc., Crown NJ Gaming Inc. dba DraftKings, DGMB Casino LLC and Resorts Atlantic City in the United States District Court, District of New Jersey. Among other things, plaintiff alleges that the Company's "risk-free" and "no sweat" promotions, and the promotion that offered new customers an opportunity to earn up to 1,000 site credits as a sportsbook deposit match, as well as promotions that offered site credits in connection with a casino deposit match, were unfair, unconscionable, and misleading. The plaintiff's complaint, as amended, asserts claims for violation of the New Jersey Consumer Fraud Act, intentional misrepresentation, unjust enrichment, and conversion. Plaintiff seeks compensatory damages, punitive damages, attorney fees and costs. Plaintiff seeks to certify a nationwide class of anyone who participated in the casino deposit match promotion and lost part or all of their initial deposit (with subclasses for New Jersey, Connecticut, Pennsylvania, Michigan, and West Virginia). Plaintiff also seeks a statewide class of (i) anyone in New Jersey who allegedly opted into the "risk free" or "no sweat" promotion and lost a bet; and (ii) anyone in New Jersey who opened an account and deposited money while in New Jersey in response to the 1,000 new customer sportsbook deposit match promotion.

On March 27, 2025, DraftKings filed a motion to dismiss the complaint. In response to the motion to dismiss, on April 17, 2025, plaintiff Matthew Youngs and a second plaintiff (Jason Lombardozzi), individually and on behalf of all others similarly situated, filed a first amended purported class action complaint against DraftKings Inc. and Crown NJ Gaming Inc. dba DraftKings. In the amended complaint, the plaintiffs removed DGMB Casino and Resorts Atlantic as defendants and removed claims of negligence. In the amended complaint, the plaintiffs added new claims alleging that (i) the casino deposit match was unconscionable because it inculcated gaming addiction and (ii) the Company engaged in unconscionable conduct by targeting customers with deposit match promotions after such customers had become addicted to gaming. The court terminated the Defendants' motion to dismiss as moot due to the plaintiffs filing an amended complaint. On May 22, 2025, DraftKings filed a motion to dismiss the amended complaint. On July 23, 2025, the court granted the motion to dismiss with prejudice regarding the unjust enrichment claim and dismissing without prejudice all other claims. Plaintiffs have until August 13, 2025 to file a further amended complaint.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

James Beyer and Wyatt Robertson

On January 7, 2025, plaintiffs James Beyer and Wyatt Robertson, individually and on behalf of all others similarly situated, filed a purported class action complaint against DraftKings Inc. and Crown KY Gaming LLC in the United States District Court, Western District of Kentucky. Among other things, plaintiffs alleged that the Company's "risk-free" and "no sweat" promotions, and the promotion that offered new customers an opportunity to earn up to 1,000 site credits as a deposit match, were unfair and misleading. Plaintiffs also alleged that DraftKings targets underage users with its advertising and by allowing them to participate in daily fantasy sports contests in order to inculcate gaming habits. Plaintiffs brought claims for violation of the Kentucky Consumer Protection Act, intentional misrepresentation, fraudulent inducement, unjust enrichment, and declaratory relief. Plaintiffs sought, among other things, compensatory damages, punitive damages, attorney fees and costs. Plaintiffs seek to certify a nationwide class of (i) anyone who opted into a DraftKings promotion advertising a "risk-free" or "no sweat" bet and lost their bet (with a Kentucky subclass); (ii) anyone who opened an account and deposited money in response to the new customer 1,000 site credit promotion (with a Kentucky subclass); and (iii) anyone who opened an account and entered free promotions on DraftKings' platform before reaching their legal gaming age and then placed paid bets on DraftKings after reaching the legal gaming age (with a Kentucky subclass). Plaintiffs also sought a declaration that DraftKings has breached agreements with Apple and Google relating to their respective app stores.

On March 31, 2025, DraftKings filed a motion to dismiss. On April 28, 2025, the parties filed a stipulated dismissal of the lawsuit, without prejudice as to the individual claims of Mr. Beyer and the putative class and with prejudice as to the individual claims of Mr. Robertson. On May 1, 2025, the court entered an order whereby (1) dismissing without prejudice the claims asserted by plaintiff James Beyer and the putative class against the Company, and (2) dismissing with prejudice the claims asserted by plaintiff Wyatt Robertson against the Company.

James Beyer, Collin Smothers, Mateen Zafer and Corey Davis

On January 8, 2025, plaintiffs James Beyer, Collin Smothers, Mateen Zafer and Corey Davis, individually and on behalf of all others similarly situated, filed a purported class action complaint against DraftKings Inc., Crown IL Gaming LLC dba DraftKings, Northside Crown Gaming LLC, and Casino Queen Inc. in the Circuit Court of Cook County, Illinois Law Division. Among other things, plaintiffs allege that the Company's "risk-free" and "no sweat" promotions, and the promotion that offered new customers an opportunity to earn up to 1,000 site credits as a deposit match, were unfair and misleading. Plaintiffs also allege that DraftKings targets underage users with its advertising and by allowing them to participate in daily fantasy sports contests in order to inculcate gaming habits. Plaintiffs bring claims for violation of the Illinois Consumer Fraud and Deceptive Practices Act, intentional misrepresentation, fraudulent inducement, unjust enrichment, civil conspiracy, and declaratory relief. Plaintiffs seek, among other things, unspecified compensatory damages, punitive damages, attorney fees and costs. Plaintiffs seek to certify a nationwide class of (i) anyone who opted into a DraftKings promotion advertising a "risk-free" or "no sweat" bet and lost their bet (with an Illinois subclass); (ii) anyone who opened an account and deposited money in response to the new customer 1,000 site credit promotion (with an Illinois subclass); and (iii) anyone who opened an account and entered free promotions on DraftKings' platform before turning twenty-one years old and then placed paid bets on DraftKings after turning twenty-one years old (with an Illinois subclass).

On February 7, 2025, DraftKings removed the complaint to the United States District Court, Northern District of Illinois, Eastern Division. On April 4, 2025, DraftKings filed a motion to dismiss. In response, on May 9, 2025, Plaintiffs filed their First Amended Complaint. On June 12, 2025, DraftKings filed a motion to dismiss the First Amended Complaint. Plaintiffs filed their Opposition to the Motion to Dismiss on July 9, 2025, and DraftKings' filed its reply on July 28, 2025.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

Clara De Leon and Eric Mirsberger Jr.

On January 22, 2025, plaintiffs Clara De Leon and Eric Mirsberger Jr., individually and on behalf of all others similarly situated, filed a purported class action complaint (the "Original Complaint") against DraftKings Inc. and Crown NY Gaming Inc. in the United States District Court, Southern District of New York. Among other things, plaintiffs allege that the Company's "risk-free" and "no sweat" promotions, and the promotion that offered new customers an opportunity to earn up to

1,000 site credits as a deposit match, were unfair and misleading. Plaintiffs also allege that DraftKings targets players with gaming addiction issues, including by pairing players who bet large amounts of money with VIP hosts who, plaintiffs allege, are trained to encourage customers to place frequent and large bets. Plaintiffs bring claims for violation of the New York General Business Law sections 349 and 350, negligence, intentional misrepresentation, fraudulent inducement, unjust enrichment, and declaratory relief. Plaintiffs seek, among other things, unspecified compensatory damages, punitive damages, attorney fees and costs. Plaintiffs seek a nationwide class of (i) anyone who allegedly opted into the “risk free” or “no sweat” promotion and lost a bet (with a New York subclass); (ii) anyone who allegedly opened an account and deposited money in response to the new customer 1,000 site credit promotion (with a New York subclass); and (iii) anyone who was allegedly enticed by DraftKings’ VIP hosts to bet beyond their means (with a New York subclass). Plaintiffs also seek a declaration that DraftKings has breached agreements with Apple and Google relating to their respective app stores.

On April 8, 2025, DraftKings filed a motion to dismiss. On April 9, 2025, the court ordered plaintiffs to file an amended complaint, if any, and on May 16, 2025, Plaintiffs filed an amended putative class action complaint on behalf of Clara De Leon, Eric Mirsberger Jr., Joseph Mitchell, and Edward Mendez (the “First Amended Complaint”). In addition to the claims and theories set forth in the Original Complaint, the First Amended Complaint asserts additional causes of action, including alleged breaches of fiduciary duty and product liability claims based on theories of design defect and failure to warn. On June 20, 2025, DraftKings filed a motion to dismiss, and Plaintiffs filed their opposition on July 17, 2025. DraftKings filed its reply on August 4, 2025.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company’s business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company’s operations and cash flows.

Winview II

On February 10, 2025, Winview IP Holdings, LLC (“Winview IP”) filed suit against DraftKings Inc., a Nevada corporation, DK Crown Holdings Inc., Crown Gaming Inc., SBTech US Inc., and SBTech (Global) Ltd. in the U.S. District Court for the District of New Jersey. In the complaint, Winview IP alleges that the Defendants infringe nine patents: U.S. Patent No. 11,185,770 (“the ‘770 Patent”), entitled “Methodology for equalizing systemic latencies in television reception in connection with games of skill played in connection with live television programming,” U.S. Patent No. 11,235,237 (“the ‘237 Patent”), entitled “Methodology for equalizing systemic latencies in television reception in connection with games of skill played in connection with live television programming,” U.S. Patent No. 11,338,189 (“the ‘189 Patent”), entitled “Method of and system for conducting multiple contests of skill with a single performance,” U.S. Patent No. 11,451,883 (“the ‘883 Patent”), entitled “Method of and system for managing client resources and assets for activities on computing devices,” U.S. Patent No. 11,678,020 (“the ‘020 Patent”), entitled “Methodology for equalizing systemic latencies in television reception in connection with games of skill played in connection with live television programming,” U.S. Patent No. 11,736,771 (“the ‘771 Patent”), entitled “Methodology for equalizing systemic latencies in television reception in connection with games of skill played in connection with live television programming,” U.S. Patent No. 11,918,880 (“the ‘880 Patent”), entitled “Method of and system for conducting multiple contests of skill with a single performance,” U.S. Patent No. 11,951,402 (“the ‘402 Patent”), entitled “Method of and system for conducting multiple contests of skill with a single performance,” and U.S. Patent No. 12,005,349 (“the ‘349 Patent”), entitled “Synchronized gaming and programming.” The allegations based on: the ‘770 Patent are directed to DK Sportsbook, DK Casino, and DK Horse; the ‘237 Patent are directed to DK Sportsbook and DK Horse; the ‘189 Patent are directed to DFS and Pick6; the ‘883 Patent are directed to DK Sportsbook, DK Horse, DK Casino, DFS, and Pick6; the ‘020 Patent are directed to DK Sportsbook, DK Horse, and DK Casino; the ‘771 Patent are directed to DK Sportsbook, DK Horse, and DK Casino; the ‘880 Patent are directed to DFS and Pick6; the ‘402 Patent are directed to DFS and Pick6; and the ‘349 Patent are directed to DK Sportsbook, DK Horse, and DK Casino.

On April 17, 2025, in accordance with the applicable local rules, DraftKings filed a letter requesting permission to move to dismiss the Complaint. On April 24, 2025, WinView filed a letter in opposition to DraftKings’ request. The court has not yet ruled on the request.

We intend to vigorously defend this case. In the event that a court ultimately determines that we are infringing the asserted patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to modify certain features that we currently offer.

We cannot predict with any degree of certainty the outcome of this matter or determine the extent of any potential liabilities. We also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

DC Gambling Recovery LLC v. Caesars et al.

On February 28, 2025, DC Gambling Recovery LLC filed a lawsuit against DraftKings, Caesars, FanDuel, BetMGM, and Fanatics in state court in the District of Columbia. On April 4, 2025, the defendants removed the lawsuit to the United States District Court for the District of Columbia. Plaintiff alleges that the Defendants violated the Statute of Anne (D.C. Code § 16-1702), a statute which purportedly allows an individual to recover their betting losses greater than twenty-five dollars from each sportsbook, and should such party fail to sue within three months, the statute purportedly authorizes any person to file suit against the sportsbook to recover the losses (including treble damages). Plaintiff also alleges that the Supreme Court's 2018 decision striking down the Professional and Amateur Sports Protection Act ("PAPSA") does not apply to the District of Columbia and, therefore, the Sports Wagering Lottery Amendment Act ("SWLAA"), a 2019 law that legalized sports betting in the District of Columbia, is without any legal force or effect. Plaintiff also alleges that the Statute of Anne permits recovery of betting losses greater than twenty-five dollars even if the SWLAA has legal force or effect. Plaintiff seeks to recover on behalf of all individuals within the District of Columbia that (i) have lost more than \$25 at any single time or sitting by sports betting with DraftKings and (ii) not sued to recover those losses within three months of payment to DraftKings.

On May 5, 2025, DraftKings filed a motion to dismiss the complaint, which motion remains pending. On May 14, 2025, the court granted the District of Columbia's motion to intervene. On June 16, 2025, Plaintiff filed its opposition to Defendants' motions to dismiss; on June 23, 2025, the District of Columbia filed a brief in support of Defendants motion to dismiss; on July 7, 2025, DraftKings filed its reply in support of its motion to dismiss and Plaintiff filed its response to the District of Columbia's brief; and on July 14, 2025, the District of Columbia filed its reply.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

City of Baltimore

On April 3, 2025, the City of Baltimore filed a lawsuit against DraftKings and FanDuel seeking civil penalties and injunctive relief under Baltimore City Code Art. 2, Section 4. The City alleges that DraftKings violated Baltimore City Code Art. 2, section 4 by committing unfair, abusive and deceptive trade practices by allegedly (i) using data to allegedly target vulnerable Baltimore users; (ii) using misleading promotions such as "bonus bets" or "no-sweat bets;" (iii) concealing or misrepresenting the terms and conditions of those promotions; (iv) using data to identify Baltimore users with an alleged gaming disorder and then directing promotions at them; (v) directing messages with misleading urgency to those who allegedly may have gaming disorders; (vi) using the VIP program to allegedly exploit people with alleged gaming disorders; (vii) offering escalating rewards through its VIP program to target alleged users with gaming disorders; and (viii) failing to implement responsible gaming measures. The City of Baltimore seeks injunctive relief and statutory penalties for each violation of Baltimore City Code Art. 2, section 4.

On May 7, 2025, the defendants removed the lawsuit from state court to the United States District Court for the District of Maryland (Northern Division). On June 6, 2025, the City filed a motion to remand the case to state court. On July 7, 2025, Defendants filed their opposition to the motion to remand, and Plaintiffs' filed their reply on July 28, 2025.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

Macek I

On April 18, 2025, plaintiffs Kenneth Macek, Matthew Harner, Avi Setton, Lionel Alicea, and Robert Walker, individually and on behalf of all others similarly situated, filed a purported class action complaint against DraftKings Inc., Crown PA Gaming Inc. dba DraftKings, and Golden Nugget Online Gaming LLC in the United States District Court, Eastern District of Pennsylvania. Among other things, plaintiffs allege that the Company's "risk-free" and "no sweat" promotions, and the promotion that offered new customers an opportunity to earn up to 1,000 site credits as a sportsbook deposit match, as well as promotions that offered site credits in connection with a casino deposit match, were unfair, unconscionable, and misleading (collectively, the "Promotions Claims"). Plaintiffs also allege that DraftKings targets players with gaming addiction issues, including by assigning certain players with VIP hosts. Plaintiffs assert causes of action for violation of the Pennsylvania Unfair Trade Practices and Consumer Protection Law, negligence, intentional misrepresentation, failure to warn, fraudulent inducement, unjust enrichment, intentional infliction of emotional distress and conversion. Plaintiffs seek, among other things, unspecified compensatory damages, punitive damages, attorney fees and costs. Plaintiffs seek to certify a nationwide class relating to the Promotions Claims, of: of (i) anyone who participated in the casino deposit match promotion and lost part or all of their initial deposit (with a Pennsylvania subclass); (ii) anyone who allegedly opted into the "risk free" or "no sweat" promotion (with a Pennsylvania subclass); and (iii) anyone who allegedly deposited money in response to the 1,000 new customer sportsbook deposit match promotion (with a Pennsylvania subclass). Plaintiffs also seek to certify a class relating to alleged addiction claims, of (i) anyone who developed or displayed problem gaming behavior and was allegedly targeted by DraftKings' VIP hosts or promotions or otherwise induced to game or continue to game (with a Pennsylvania subclass); and (ii) anyone who was allegedly permitted to continue gaming after self-excluding or who asked DraftKings to suspend or close their account (with a Pennsylvania subclass).

On June 24, 2025, Defendants filed a motion to dismiss. In response, on July 15, 2025, Plaintiffs filed a first amended complaint (the "First Amended Complaint"), removing Plaintiff Walker and adding new Plaintiffs Shane Spencer and Rangaraj Sadagopan. The First Amended Complaint removed all of the allegations, purported classes, and causes of actions relating to the Promotions Claims.

The First Amended Complaint only alleges claims and causes of action relating to alleged addiction matters, as follows: negligence, breach of fiduciary duty, unjust enrichment, intentional infliction of emotional distress, and strict and negligent products liability. The First Amended Complaint also contains individual claims for breach of contract and conversion based on the closure of Plaintiff Setton's account. In the First Amended Complaint, Plaintiffs seek, among other things, unspecified compensatory damages, punitive damages, attorney fees and costs. Plaintiffs seek to certify a nationwide class of (i) anyone who developed or displayed problem gaming behavior and was allegedly targeted by DraftKings' VIP hosts or otherwise induced to game or continue to game (with a Pennsylvania subclass); (ii) anyone who was allegedly permitted to continue gaming after asking DraftKings to suspend or close their account (with a Pennsylvania subclass); and (iii) anyone who was exposed to the allegedly dangerous design of features of DraftKings' app and could not control their compulsive gaming (with a Pennsylvania subclass).

On July 29, 2025, DraftKings filed a motion to dismiss.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

Macek II

On July 15, 2025 Plaintiffs Kenneth Macek, Matthew Harner, Avi Setton, Lionel Alicea, and Robert Walker, individually and on behalf of all others similarly situated, filed a purported class action complaint against DraftKings Inc., Crown PA Gaming Inc. dba DraftKings, and Golden Nugget Online Gaming LLC in the United States District Court, Eastern District of Pennsylvania. Among other things, Plaintiffs allege that the Company's "risk-free" and "no sweat" promotions, and the promotion that offered new customers an opportunity to earn up to 1,000 site credits as a sportsbook deposit match, as well as promotions that offered site credits in connection with a casino deposit match, were unfair, unconscionable, and misleading. Plaintiffs seek, among other things, unspecified compensatory damages, punitive damages, attorney fees and costs. Plaintiffs seek to certify a nationwide class of (i) anyone who participated in DraftKings or Golden Nugget's casino deposit match promotion and lost part or all of their initial deposit (with a Pennsylvania subclass); (ii) anyone who allegedly opted into DraftKings' "risk free" or "no sweat" promotion and lost their bet (with a Pennsylvania subclass); and (iii) anyone who allegedly deposited money in response to DraftKings' \$1,000 new customer sportsbook deposit match promotion (with a Pennsylvania subclass). Plaintiffs bring consumer protection, fraud, and unjust enrichment claims.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

Moore

On June 1, 2025, Plaintiffs Brandon Moore, Zhicheng Zhen, and Jonathan Smith, individually and on behalf of all others similarly situated, filed a purported class action complaint against DraftKings Inc. and Doe defendants in the United States District Court, Northern District of California. Among other things, Plaintiffs allege that DraftKings has been operating illegal online gambling platforms in California through its "Daily Fantasy Sports" and "Pick6" contests in violation of California law. Plaintiffs claim that these contests amount to unlawful lotteries, games of chance, or sports betting and that DraftKings falsely represents these services as lawful in California, including through misleading public statements and platform disclosures.

Plaintiffs bring claims under California's Unfair Competition Law and Consumer Legal Remedies Act, and seek, among other things, injunctive relief, restitution, disgorgement, and attorneys' fees and costs. Plaintiffs seek to represent a purported class of all California residents who allegedly placed a bet or wager on DraftKings' alleged Daily Fantasy Sports and Pick6 gambling websites while physically located in California. On July 11, 2025, Plaintiffs filed a Notice Regarding Legal Opinion Issued By The California Attorney General enclosing an opinion from the California Attorney General (Opinion No. 23-1001) in which the California Attorney General opined that "California law prohibits the operation of daily fantasy sports games with players physically located within California." On July 14, 2025, two other actions pending in the Northern District of California were referred sua sponte by the Court to the Judge assigned to Moore for determination on whether such actions should be related under Civil Local Rule 3-12(e) (Beltran v. FanDuel, Inc., Case No. 25-cv-5586-JSC; Head v. Underdog Sports, LLC, Case No. 25-cv-5542-JST). On July 16, the Court referred sua sponte a third pending action for the same determination (Franks v. Prize Picks, Case No. 25-cv-4916-JD). On July 24, 2025, the Court assigned to Moore held that those three actions were related to Moore and assigned all three cases to that Court.

The Company intends to vigorously defend this case. Any adverse outcome in this matter could subject the Company to substantial damages and/or require alterations to the Company's business. The Company cannot provide any assurance as to the outcome of this matter.

The Company cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The Company also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company's operations and cash flows.

Micro-Gaming

On May 9, 2025, Micro-Gaming Ventures, LLC ("Micro-Gaming") filed suit against DraftKings Inc. in the U.S. District Court for the District of New Jersey. In the complaint, Micro-Gaming alleges that the Company infringes five patents: (1) U.S.

Patent No. 8,545,311 (“the ’311 patent”), entitled “Systems and methods for enabling remote device users to wager on micro events of games in a data network accessible gaming environment”; (2) U.S. Patent No. 8,632,392 (“the ’392 patent”), entitled “Systems and methods for enabling remote device users to wager on micro events of games in a data network accessible gaming environment”; (3) U.S. Patent No. 8,734,231 (“the ’231 patent”), entitled “Systems and methods for enabling remote device users to wager on micro events of games in a data network accessible gaming environment”; (4) U.S. Patent No. 11,783,679 (“the ’679 patent”), entitled “Location-based wagering via remote devices”; and (5) U.S. Patent No. 12,266,244 (“the ’244 patent”), entitled “Location-based wagering via remote devices” (collectively, the “Micro-Gaming Patents”). The allegations for all of the Micro-Gaming Patents are directed to the “DraftKings Sportsbook.”

We intend to vigorously defend this case. In the event that a court ultimately determines that we are infringing the asserted patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to modify certain features that we currently offer.

We cannot predict with any degree of certainty the outcome of this matter or determine the extent of any potential liabilities. We also cannot provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter could expose the Company to substantial damages or penalties that may have a material adverse impact on the Company’s operations and cash flows.

Other Litigation

In addition to the above actions, we are subject to various other legal proceedings and claims that arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial condition, results of operations or liquidity, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

Internal Revenue Service

The Company is currently under Internal Revenue Service audit for prior tax years, with the primary unresolved issues relating to excise taxation of fantasy sports contests and informational reporting and withholding. Certain examinations are progressing in the administrative process. The Company intends to vigorously defend its positions. The Company is unable to predict the outcome of these proceedings at this time and cannot reasonably estimate the potential loss or range of loss, if any. The final resolution of these audits, and any related proceedings, may differ from the amounts recorded in these consolidated financial statements and may materially affect the Company’s consolidated financial statements in the period or periods in which that determination is made.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (this “Report”) and the section entitled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, as filed with the SEC on February 14, 2025 (the “2024 Annual Report”).

Cautionary Statement Regarding Forward-Looking Statements

This Report contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 that reflect future plans, estimates, beliefs and expected performance. The forward-looking statements depend upon events, risks and uncertainties that may be outside of our control. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “will,” “would,” “forecast,” “propose,” and similar expressions or the negative of these words, or statements of vision, strategy or outlook, may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Our historical results are not necessarily indicative of the results that may be expected for any events in the future as our business and operations are subject to a variety of risks and uncertainties, many of which are beyond our control, and, consequently, our actual results may differ materially from those projected.

Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section entitled “Risk Factors” included elsewhere in this Report. Any statements contained herein that are not statements of historical fact may be forward-looking statements, such as:

- factors relating to our business, operations and financial performance, including:
 - our ability to effectively compete in the global entertainment and gaming industries;
 - our ability to successfully acquire and integrate new operations;
 - our ability to obtain and maintain licenses with gaming authorities;
 - our inability to recognize deferred tax assets and tax loss carryforwards;
- market and global conditions and economic factors beyond our control, 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 and rising interest rates, on our liquidity, operations and personnel;
- significant competition and competitive pressures from other companies worldwide in the industries in which we operate;
- our ability to raise financing in the future;
- the timing, amount or duration of the Company’s stock repurchase program;
- our success in retaining or recruiting officers, key employees or directors; and
- litigation and the ability to adequately protect our intellectual property rights.

In addition to these risks, other factors that could cause or contribute to such differences include those set forth under the caption “Risk Factors” in our 2024 Annual Report. Due to the uncertain nature of these factors, management cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any of these statements to reflect events or circumstances occurring after the date of this Report, except as required by applicable law. New factors may emerge, and it is not possible to predict all factors that may affect our business and prospects.

Our Business

We are a digital sports entertainment and gaming company. We provide users with online and retail sports betting (together, “Sportsbook”), online casino (“iGaming”) and daily fantasy sports (“DFS”) product offerings, as well as digital lottery courier, media, and other product offerings.

Our mission is to make life more exciting by responsibly creating the world’s favorite real-money games and betting experiences. We accomplish this by creating an environment where our users can find enjoyment and fulfillment through Sportsbook, iGaming and DFS, as well as digital lottery courier, media, and other product offerings. We are also highly focused on our responsibility as a steward of this new era in real-money gaming. Our ethics guide our decision making, with respect to both the tradition and integrity of sports and our investments in regulatory compliance and consumer protection.

We continue to make deliberate and substantial investments in support of our mission and long-term growth. For example, we have invested in our product offerings and technology in order to continuously launch new product innovations; improve marketing, merchandising, and operational efficiency through data science; and deliver a great user experience. We also make significant investments in sales and marketing and incentives to grow and retain our paid user base, including personalized cross-product offers and promotions, and promote brand awareness to attract the “skin-in-the-game” sports fan. Together, these investments have enabled us to create a leading product built on scalable technology, while attracting a user base that has resulted in the rapid growth of our business.

Our priorities are to (a) continue to invest in our product offerings, (b) launch our product offerings in new jurisdictions, (c) create replicable and predictable jurisdiction-level unit economics in sports betting and iGaming and (d) expand our product offerings. When we launch our Sportsbook and iGaming product offerings in a new jurisdiction, we invest heavily in user acquisition, retention and cross-selling until the new jurisdiction provides a critical mass of users engaged across our product offerings.

Our current technology is highly scalable with relatively minimal incremental spend required to launch our product offerings in new jurisdictions. We will continue to manage our fixed-cost base in conjunction with our market entry plans and focus our variable spend on marketing, user experience and support and regulatory compliance to become the product of choice for users and to maintain favorable relationships with regulators. We also expect to improve our profitability over time as our revenue and gross profit expand as jurisdictions mature, and our variable marketing expenses and fixed costs stabilize or grow at a slower rate.

Our path to profitability is based on the acceleration of positive contribution profit growth driven by increased revenue and gross profit generation from ongoing efficient customer acquisition enabled by the transition from local to regional to national advertising, strong customer retention, improved monetization from frequency and higher hold percentage, as well as scale benefits from investments in our product offerings and technology and general and administrative functions. In any given period, we expect to achieve profitability on a consolidated Adjusted EBITDA basis when total contribution profit exceeds the fixed costs of our business, which depends, in part, on the percentage of the U.S. adult population that has access to our product offerings and the other factors summarized in the section entitled “Cautionary Statement Regarding Forward-Looking Statements”.

Financial Highlights and Trends

The following table sets forth a summary of our financial results for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<i>(amounts in thousands, except per share amounts)</i>				
Revenue	\$ 1,512,507	\$ 1,104,441	\$ 2,921,313	\$ 2,279,437
Net Income (Loss)	157,936	63,822	124,072	(78,746)
Adjusted EBITDA ⁽¹⁾	300,644	127,967	403,273	150,357
Basic Earnings (Loss) Per Share	0.32	0.13	0.25	(0.17)
Diluted Earnings (Loss) Per Share	0.30	0.10	0.23	(0.17)
Adjusted Earnings (Loss) Per Share ⁽²⁾	0.38	0.22	0.50	0.27

- (1) Adjusted EBITDA is a non-GAAP financial measure. See “Non-GAAP Information” below for additional information about this measure and a reconciliation of this measure to the most directly comparable financial measure calculated in accordance with U.S. GAAP.
- (2) Adjusted Earnings (Loss) Per Share is a non-GAAP financial measure. See “Non-GAAP Information” below for additional information about this measure and a reconciliation of this measure to the most directly comparable financial measure calculated in accordance with U.S. GAAP.

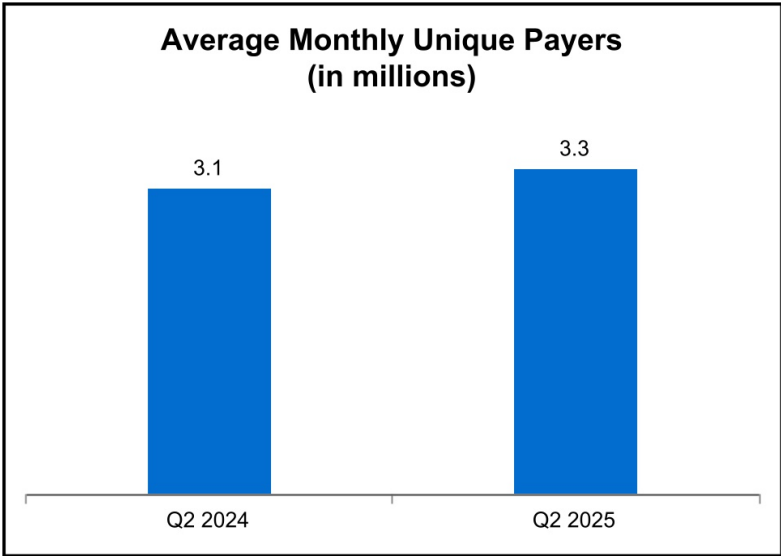
Revenue increased by \$408.1 million and \$641.9 million in the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024 as a result of continued healthy customer engagement, efficient acquisition of new customers, the expansion of the Company’s Sportsbook product offering into new jurisdictions, higher structural Sportsbook hold percentage, improved promotional reinvestment for Sportsbook, and the impact of our acquisition of Jackpocket Inc. (“Jackpocket”), which was completed on May 22, 2024 (the “Jackpocket Transaction”).

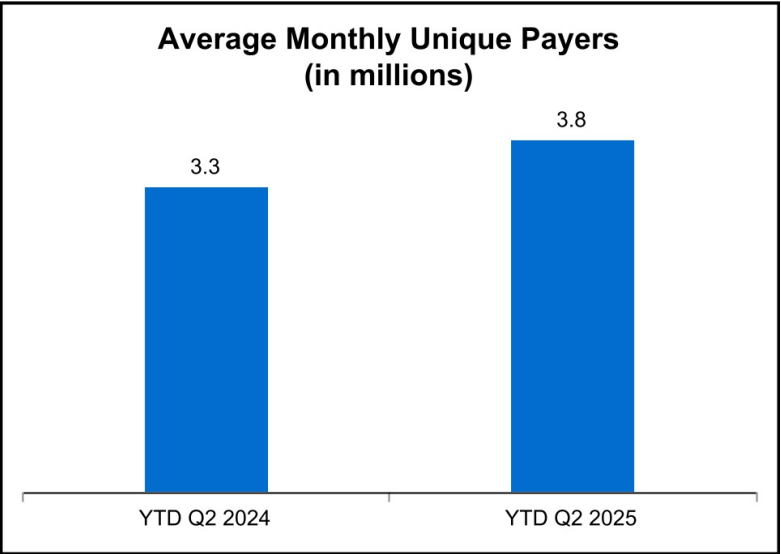
Key Performance Indicators

Monthly Unique Payers (“MUPs”). We define MUPs as the number of unique paid users per month who had one or more real-money, paid engagements across one or more of our Sportsbook, iGaming, DFS, digital lottery courier or other offerings via our technology. For reported periods longer than one month, we average the MUPs for the months in the reported period. Although the number of unique paid users includes those users that have participated in a real-money, paid engagement using only promotional incentives (which has not been a material number of users to date), which are fungible with other funds deposited into their wallets on our technology, it does not include users who have made a deposit but have not yet had a real-money, paid engagement.

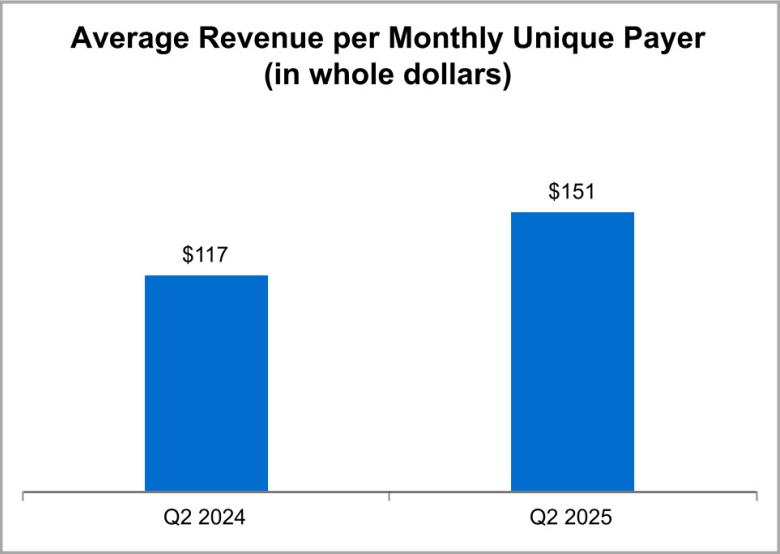
MUPs is a key indicator of the scale of our online gaming user base and awareness of our brand. We believe that year-over-year growth in MUPs is also generally indicative of the long-term revenue growth potential of our online gaming product offerings, although MUPs in individual periods may be less indicative of our longer-term expectations. We expect the number of MUPs to grow as we attract, retain and re-engage users in new and existing jurisdictions and expand our product offerings to appeal to a wider audience.

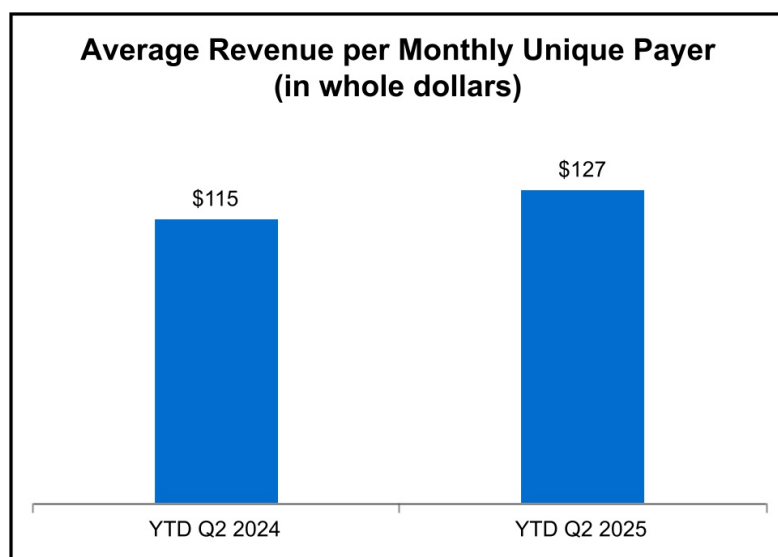
The charts below present our average MUPs for the three and six months ended June 30, 2024 and 2025:





Average Revenue per MUP ("ARPMUP"). We define and calculate ARPMUP as the average monthly revenue, excluding revenue from gaming software services, for a reporting period, divided by the average number of MUPs for the same period. ARPMUP is a key indicator of our ability to drive usage and monetization of our product offerings. The charts below present our ARPMUP for the three and six months ended June 30, 2024 and 2025:





MUPs increased by 0.2 million or 6.5% and 0.5 million or 15.1% in the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024, primarily reflecting strong unique payer retention and acquisition across our Sportsbook and iGaming product offerings and the impact of the Jackpocket Transaction. Excluding the impact of the Jackpocket Transaction, MUPs increased by 0.1 million or 4.7% and 0.3 million or 8.0% in the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024.

ARPMUP increased by \$34 or 29.1% and \$12 or 10.4% in the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024, primarily due to structural improvement in our Sportsbook hold percentage and improved promotional reinvestment for Sportsbook. Excluding the impact of the Jackpocket Transaction, ARPMUP increased by \$39 or 30.4% and \$21 or 17.7% in the three and six months ended June 30, 2025 compared to the three and six months ended June 30, 2024.

Sportsbook Handle. We define Sportsbook Handle as the total amount of settled customer wagers on our Sportsbook product offering. Sportsbook Handle provides useful information to investors and management as it is a key indicator of volume and customer engagement on our Sportsbook product offering that is not impacted by variability of sport outcomes and provides important insight into underlying growth trends. We do not utilize handle information to track performance of our iGaming products because iGaming is generally not subject to the same variability in outcomes.

Sportsbook Net Revenue Margin. We define Sportsbook Net Revenue Margin as Sportsbook revenue as a percentage of Sportsbook Handle. This provides useful information to investors and management as it is a key indicator in measuring the combined impact of our overall margin on our Sportsbook product offering and promotional reinvestment.

The chart below presents our Sportsbook Handle, Sportsbook Net Revenue Margin, and revenue disaggregation for the three and six months ended June 30, 2025 and 2024:

(amounts in thousands)	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 %
Total Revenue	\$ 1,512,507	\$ 1,104,441	\$ 408,066	36.9 %

(amounts in thousands)	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 %
Total Revenue	\$ 2,921,313	\$ 2,279,437	\$ 641,876	28.2 %

Sportsbook Handle increased by \$681.8 million, or 6.3%, to \$11.5 billion in the three months ended June 30, 2025, from \$10.8 billion in the three months ended June 30, 2024, and increased by \$2.6 billion, or 11.2% to \$25.4 billion in the six months ended June 30, 2025, from \$22.8 billion in the six months ended June 30, 2024. The increase is primarily due to MUPs increasing in 2025 as compared to 2024. The increase in MUPs was due to strong player retention and acquisition across our Sportsbook product offering.

Sportsbook Net Revenue Margin increased by 2.3 percentage points, to 8.7% in the three months ended June 30, 2025, from 6.4% in the three months ended June 30, 2024, primarily driven by higher structural Sportsbook hold percentage, sportsbook-friendly outcomes, and improved promotional reinvestment. Sportsbook Net Revenue Margin increased by 1.2 percentage points, to 7.4% in the six months ended June 30, 2025, from 6.2% in the six months ended June 30, 2024 primarily driven by higher structural hold percentage and improved promotional reinvestment, partially offset by customer-friendly sports outcomes.

iGaming revenue increased \$79.1 million, or 22.6%, to \$429.7 million in the three months ended June 30, 2025, from \$350.6 million in the three months ended June 30, 2024, and increased by \$132.6 million, or 18.4%, to \$853.1 million in the six months ended June 30, 2025, from \$720.5 million in the six months ended June 30, 2024. The increase is primarily due to an increase in MUPs for the product offering.

Other revenue increased \$18.0 million, or 26.8%, to \$85.0 million in the three months ended June 30, 2025, from \$67.0 million in the three months ended June 30, 2024, and increased \$50.4 million, or 36.5%, to \$188.4 million in the six months ended June 30, 2025, from \$137.9 million in the six months ended June 30, 2024. The increase is primarily due to the inclusion of revenue from Jackpocket. We consummated the Jackpocket Transaction on May 22, 2024.

Non-GAAP Information

This Report includes Adjusted EBITDA and Adjusted Earnings (Loss) Per Share, which are non-GAAP financial measures that we use to supplement our results presented in accordance with U.S. GAAP. We believe Adjusted EBITDA and Adjusted

Earnings (Loss) Per Share are useful in evaluating our operating performance, similar to measures reported by our publicly-listed U.S. competitors, and regularly used by security analysts, institutional investors and other interested parties in analyzing operating performance and prospects. Adjusted EBITDA and Adjusted Earnings (Loss) Per Share are not intended to be substitutes for any U.S. GAAP financial measure. As calculated, they may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry.

We define and calculate 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.

We define and calculate 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.

We include non-GAAP financial measures because they are used by management to evaluate our core operating performance and trends and to make strategic decisions regarding the allocation of capital and new investments. Adjusted EBITDA and Adjusted Earnings (Loss) Per Share exclude certain expenses that are required in accordance with U.S. 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 our underlying business performance (for example, in the case of interest income and expense and litigation, settlement and related costs).

Adjusted EBITDA

The table below presents our Adjusted EBITDA reconciled to our net income (loss), which is the most directly comparable financial measure calculated in accordance with U.S. GAAP, for the periods indicated:

<i>(amounts in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income (loss)	\$ 157,936	\$ 63,822	\$ 124,072	\$ (78,746)
<i>Adjusted for:</i>				
Depreciation and amortization ⁽¹⁾	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 ⁽²⁾	84,701	90,220	163,547	183,755
Transaction-related costs ⁽³⁾	—	18,585	—	23,493
Litigation, settlement, and related costs ⁽⁴⁾	—	10,804	—	20,124
Advocacy and other related legal expenses ⁽⁵⁾	—	—	—	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 ⁽⁶⁾	(24,268)	(20,192)	(24,247)	(19,787)
Adjusted EBITDA	\$ 300,644	\$ 127,967	\$ 403,273	\$ 150,357

(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.

Adjusted Earnings (Loss) Per Share

The 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 U.S. GAAP, for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Diluted earnings (loss) per share attributable to common stockholders	\$ 0.30	\$ 0.10	\$ 0.23	\$ (0.17)
<i>Adjusted for:</i>				
Amortization of acquired intangible assets ⁽¹⁾	0.07	0.07	0.15	0.14
Discrete tax benefit attributed to the acquisition of Jackpocket Inc. ⁽²⁾	—	(0.15)	—	(0.16)
Stock-based compensation ⁽³⁾	0.16	0.17	0.31	0.39
Transaction-related costs ⁽⁴⁾	—	0.04	—	0.05
Litigation, settlement, and related costs ⁽⁵⁾	—	0.02	—	0.04
Advocacy and other related legal expenses ⁽⁶⁾	—	—	—	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 ⁽⁷⁾	(0.11)	—	(0.16)	—
Adjusted Earnings (Loss) Per Share*	\$ 0.38	\$ 0.22	\$ 0.50	\$ 0.27

* 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.

Results of Operations

Three Months Ended June 30, 2025 Compared to the Three Months Ended June 30, 2024

The following table sets forth a summary of our consolidated results of operations for the interim periods indicated, and the changes between periods:

(amounts in thousands, except percentages)	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
Revenue	\$ 1,512,507	\$ 1,104,441	\$ 408,066	36.9 %
Cost of revenue	854,559	663,414	191,145	28.8 %
Sales and marketing	233,187	215,676	17,511	8.1 %
Product and technology	108,417	92,655	15,762	17.0 %
General and administrative	165,700	165,084	616	0.4 %
Income (loss) from operations	150,644	(32,388)	183,032	565.1 %
Interest income	12,305	14,212	(1,907)	(13.4) %
Interest expense	(11,640)	(678)	(10,962)	1,616.8 %
Gain (loss) on remeasurement of warrant liabilities	(5,851)	9,791	(15,642)	159.8 %
Other gain (loss), net	24,459	(446)	24,905	5,584.1 %
Income (loss) before income tax and equity method investments	169,917	(9,509)	179,426	1,886.9 %
Income tax provision (benefit)	11,790	(73,570)	85,360	116.0 %
(Gain) loss from equity method investments	191	239	(48)	20.1 %
Net income (loss) attributable to common stockholders	\$ 157,936	\$ 63,822	\$ 94,114	147.5 %

Revenue. Revenue increased by \$408.1 million, or 36.9%, to \$1,512.5 million in the three months ended June 30, 2025, from \$1,104.4 million in the three months ended June 30, 2024. The increase was primarily attributable to our Sportsbook and iGaming product offerings, which increased \$390.1 million, or 37.6%, to \$1,427.5 million in the three months ended June 30, 2025, from \$1,037.4 million in the three months ended June 30, 2024, due to MUPs and ARPMUPs increasing by 6.5%, and 29.1%, respectively, as compared to the three months ended June 30, 2024. The increase in MUPs was due to strong player retention and acquisition across our Sportsbook and iGaming product offerings and the Jackpocket Transaction. The increase in ARPMUP was primarily due to higher structural Sportsbook hold percentage, sportsbook-friendly outcomes, and improved promotional reinvestment.

Cost of Revenue. Cost of revenue increased \$191.1 million, or 28.8%, to \$854.6 million in the three months ended June 30, 2025, from \$663.4 million in the three months ended June 30, 2024. The increase was primarily due to our revenue growth and an increase in our variable expenses, such as gaming taxes and payment processing fees, which increased \$142.1 million and \$20.7 million, respectively. The remaining increase was primarily attributable to an increase of \$15.5 million in our variable platform costs resulting from additional customer activity and an increase in amortization of intangible assets of \$4.5 million.

Cost of revenue as a percentage of revenue decreased by 3.6 percentage points to 56.5% in the three months ended June 30, 2025, as compared to 60.1% in the three months ended June 30, 2024, reflecting, in part, structural improvement in our Sportsbook hold rate, an improved Sportsbook Net Revenue Margin, and improved promotional reinvestment for our Sportsbook product offering, partially offset by a change in revenue mix from our more mature DFS product offering to our Sportsbook and iGaming product offerings, which, in general, produce revenue at a higher cost per revenue dollar relative to our DFS product offering.

Sales and Marketing. Sales and marketing expense increased \$17.5 million, or 8.1%, to \$233.2 million in the three months ended June 30, 2025, from \$215.7 million in the three months ended June 30, 2024. The increase was primarily attributable to higher external marketing costs.

Product and Technology. Product and technology expense increased \$15.8 million, or 17.0%, to \$108.4 million in the three months ended June 30, 2025, from \$92.7 million in the three months ended June 30, 2024 due to increased headcount in our product and engineering departments.

General and Administrative. General and administrative expense was consistent, increasing by \$0.6 million, or 0.4%, to \$165.7 million in the three months ended June 30, 2025, from \$165.1 million in the three months ended June 30, 2024.

Interest Income. We recorded interest income of \$12.3 million in the three months ended June 30, 2025, compared to \$14.2 million in the three months ended June 30, 2024, due to fluctuations in cash balances and interest rates during the respective periods.

Interest Expense. We recorded interest expense of \$11.6 million in the three months ended June 30, 2025, compared to \$0.7 million in the three months ended June 30, 2024, primarily due to interest incurred on the Term B Facility.

Gain (Loss) on Remeasurement of Warrant Liabilities. We recorded a loss of \$5.9 million on remeasurement of warrant liabilities in the three months ended June 30, 2025, compared to a gain of \$9.8 million in the three months ended June 30, 2024, due to changes in the underlying share price of our Class A common stock.

Other Gain (Loss), net. We recorded a \$24.5 million gain in the three months ended June 30, 2025, as compared to a loss of \$0.4 million in the three months ended June 30, 2024. The gain was primarily attributable to the revaluation of contingent consideration for the three months ended June 30, 2025.

Income Tax Provision (Benefit). We recorded income tax expense of \$11.8 million in the three months ended June 30, 2025, as compared to an income tax benefit of \$73.6 million in the three months ended June 30, 2024. Although we have a cumulative three year loss position, based on our recent financial performance and our future projections, we could record a reversal of all, or a portion of the valuation allowance associated with U.S. deferred tax assets in future periods. However, any such change is subject to actual performance and other considerations that may present positive or negative evidence at the time of the assessment.

Net Income (Loss). Net income increased by \$94.1 million to a net income of \$157.9 million in the three months ended June 30, 2025, as compared to a net income of \$63.8 million in the three months ended June 30, 2024, for the reasons discussed above.

Six Months Ended June 30, 2025 Compared to the Six Months Ended June 30, 2024

The following table sets forth a summary of our consolidated results of operations for the interim periods indicated, and the changes between periods:

(amounts in thousands, except percentages)	Six Months Ended June 30,			
	2025	2024	\$ Change	% Change
Revenue	\$ 2,921,313	\$ 2,279,437	\$ 641,876	28.2 %
Cost of revenue	1,698,362	1,373,483	324,879	23.7 %
Sales and marketing	576,867	556,375	20,492	3.7 %
Product and technology	211,677	181,470	30,207	16.6 %
General and administrative	330,094	339,335	(9,241)	(2.7) %
Income (loss) from operations	104,313	(171,226)	275,539	160.9 %
Interest income	21,794	29,279	(7,485)	(25.6) %
Interest expense	(16,734)	(1,327)	(15,407)	1,161.0 %
Gain (loss) on remeasurement of warrant liabilities	(3,356)	(8,303)	4,947	59.6 %
Other gain (loss), net	24,481	(1,181)	25,662	2,172.9 %
Income (loss) before income tax and equity method investments	130,498	(152,758)	283,256	185.4 %
Income tax provision (benefit)	6,190	(73,921)	80,111	108.4 %
(Gain) loss from equity method investments	236	(91)	327	359.3 %
Net income (loss) attributable to common stockholders	\$ 124,072	\$ (78,746)	\$ 202,818	257.6 %

Revenue. Revenue increased by \$641.9 million, or 28.2%, to \$2,921.3 million in the six months ended June 30, 2025, from \$2,279.4 million in the six months ended June 30, 2024. The increase was primarily attributable to our Sportsbook and iGaming product offerings, which increased \$591.5 million, or 27.6%, to \$2,733.0 million in the six months ended June 30, 2025, from \$2,141.5 million in the six months ended June 30, 2024, due to MUPs and ARPMUPs increasing by 6.5%, and 10.4%, respectively, as compared to the six months ended June 30, 2024. The increase in MUPs was due to strong player retention and

acquisition across our Sportsbook and iGaming product offerings, the expansion of our Sportsbook product offering into new jurisdictions and the Jackpocket Transaction. The increase in ARPMUP was primarily due to higher structural Sportsbook hold percentage and improved promotional reinvestment, partially offset by customer-friendly sports outcomes in the first quarter.

Cost of Revenue. Cost of revenue increased \$324.9 million, or 23.7%, to \$1,698.4 million in the six months ended June 30, 2025, from \$1,373.5 million in the six months ended June 30, 2024. The increase was due primarily to revenue growth and an increase in our variable expenses, such as gaming taxes and payment processing fees, which increased \$223.8 million and \$49.8 million, respectively. The remaining increase was primarily attributable to an increase of \$20.2 million in our variable platform costs resulting from additional customer activity and an increase in amortization of intangible assets of \$22.8 million.

Cost of revenue as a percentage of revenue decreased by 2.2 percentage points to 58.1% in the six months ended June 30, 2025, as compared to 60.3% in the six months ended June 30, 2024, reflecting, in part, structural improvement in our Sportsbook hold rate, an improved Sportsbook Net Revenue Margin, and improved promotional reinvestment for our Sportsbook product offering, partially offset by a change in revenue mix from our more mature DFS product offering to our Sportsbook and iGaming product offerings, which, in general, produce revenue at a higher cost per revenue dollar relative to our DFS product offering.

Sales and Marketing. Sales and marketing expense increased \$20.5 million, or 3.7%, to \$576.9 million in the six months ended June 30, 2025, from \$556.4 million in the six months ended June 30, 2024. The increase was primarily attributable to higher external marketing costs.

Product and Technology. Product and technology expense increased \$30.2 million, or 16.6%, to \$211.7 million in the six months ended June 30, 2025, from \$181.5 million in the six months ended June 30, 2024 due to increased headcount in our product and engineering departments.

General and Administrative. General and administrative expense decreased \$9.2 million, or 2.7%, to \$330.1 million in the six months ended June 30, 2025, from \$339.3 million in the six months ended June 30, 2024. The decrease was primarily due to an \$11.0 million reduction in professional services expenses, largely attributable to transaction costs incurred during the three and six months ended June 30, 2024, which were not incurred during the corresponding periods in 2025.

Interest Income. We recorded interest income of \$21.8 million in the six months ended June 30, 2025, compared to \$29.3 million in the six months ended June 30, 2024, due to fluctuations in cash balances and interest rates during the respective periods.

Interest Expense. We recorded interest expense of \$16.7 million in the six months ended June 30, 2025, compared to \$1.3 million in the six months ended June 30, 2024, primarily due to interest incurred on the Term B Facility.

Gain (Loss) on Remeasurement of Warrant Liabilities. We recorded a loss of \$3.4 million on remeasurement of warrant liabilities in the six months ended June 30, 2025, compared to a loss of \$8.3 million in the six months ended June 30, 2024, due to changes in the underlying share price of our Class A common stock.

Other Gain (Loss), net. We recorded a \$24.5 million gain in the six months ended June 30, 2025, as compared to a loss of \$1.2 million in the six months ended June 30, 2024. The gain was primarily attributable to the revaluation of contingent consideration.

Income Tax Provision (Benefit). We recorded income tax expense of \$6.2 million in the six months ended June 30, 2025, as compared to an income tax benefit of \$73.9 million in the six months ended June 30, 2024. Although we have a cumulative three year loss position, based on our recent financial performance and our future projections, we could record a reversal of all, or a portion of the valuation allowance associated with U.S. deferred tax assets in future periods. However, any such change is subject to actual performance and other considerations that may present positive or negative evidence at the time of the assessment.

Net Income (Loss). Net income increased by \$202.8 million to a net income of \$124.1 million in the six months ended June 30, 2025, as compared to a net loss of \$78.7 million in the six months ended June 30, 2024, for the reasons discussed above.

Liquidity and Capital Resources

We had \$1,262.0 million in cash and cash equivalents as of June 30, 2025 (excluding restricted cash and cash reserved for users, which we segregate on behalf of our paid users for all jurisdictions and product offerings). We believe our cash on hand is sufficient to meet our current working capital and capital expenditure requirements for a period of at least twelve months. We will continue to evaluate our long-term operating performance and cash needs and believe we are well positioned to continue to fund the operations of our business long-term.

Debt. In March 2021, we issued zero-coupon convertible senior notes in an aggregate principal amount of \$1,265.0 million (the “Convertible Notes”). The Convertible Notes mature on March 15, 2028, subject to earlier conversion, redemption or repurchase. In connection with the pricing of the Convertible Notes and the exercise of the option to purchase additional Convertible Notes, we entered into privately negotiated capped call transactions (the “Capped Call Transactions”). The Capped Call Transactions are expected generally to reduce potential dilution to DraftKings Inc.’s Class A common stock upon any conversion of the Convertible Notes. The net cost of \$124.0 million incurred to enter into the Capped Call Transactions was recorded as a reduction to additional paid-in capital on the Company’s condensed consolidated balance sheets. As of June 30, 2025, the Convertible Notes, net of issuance costs, balance was \$1,257.8 million.

Revolving Credit Facility. In November 2024, we and certain of our subsidiaries entered into a credit agreement (the “Credit Agreement”) with various financial institutions, as lenders, and Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent, providing for a senior secured revolving credit facility of up to \$500.0 million (the “Revolving Credit Facility”). The Revolving Credit Facility provides for revolving loans, swing line borrowings and letters of credit and has a maturity date of November 7, 2029. As of June 30, 2025, \$10.0 million in letters of credit were issued under the Revolving Credit Facility, with \$490.0 million available for borrowing.

Term Loan. In March 2025, we and certain of our subsidiaries entered into a first amendment to the Credit Agreement, which provides for a new class of incremental term loans under the Credit Agreement in an aggregate principal amount of \$600.0 million (the “Term B Facility” and, such term loans, the “Term B Loan”). The Term B Facility requires principal payments in the amount of 1.00% per annum of the original aggregate principal amount of the Term B Loan payable in quarterly installments. Term B Loan bear interest at the Company’s election at either (i) in the case of Term SOFR Loans, Term SOFR plus an applicable margin of 1.75% per annum, or (ii) in the case of ABR Term Loans, ABR plus an applicable margin of 0.75% per annum (with each of the capitalized terms used in clauses (i) and (ii) as defined in the Credit Agreement). As of June 30, 2025, there was \$600.0 million in aggregate principal amount of Term B Loan outstanding.

Other Purchase Obligations. We have certain non-cancelable contracts with vendors, licensors and others requiring us to make future cash payments. As of June 30, 2025, these purchase obligations were \$794.9 million, with \$219.6 million payable in the remainder of 2025.

Stock Repurchase Program. On July 30, 2024, our Board of Directors authorized the repurchase of an aggregate of up to \$1.0 billion of our Class A common stock through open market purchases, privately negotiated transactions or other transactions in accordance with applicable securities laws. We repurchased 2.9 million shares for \$100.5 million during the three months ended June 30, 2025 and 6.5 million shares and \$242.7 million for the six months ended June 30, 2025. As of June 30, 2025, we have purchased 7.7 million shares of Class A common stock for \$290.8 million since the inception of the stock repurchase program.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

(amounts in thousands)	Six Months Ended June 30,	
	2025	2024
Net cash provided by (used in) operating activities	\$ 54,905	\$ (41,006)
Net cash provided by (used in) investing activities	(74,278)	(456,534)
Net cash provided by (used in) financing activities	253,134	(52,469)
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 beginning of period	1,330,193	1,623,493
Cash and cash equivalents, restricted cash, and cash reserved for users at end of period	\$ 1,563,954	\$ 1,073,484

Operating Activities. Net cash provided by operating activities in the six months ended June 30, 2025 was \$54.9 million, compared to \$41.0 million used in operating activities in the six months ended June 30, 2024, primarily from an improvement in net income, net of non-cash items, of \$262.5 million for reasons discussed in Results of Operations above, offset by \$166.6 million of cash used from changes in operating assets and liabilities, primarily related to a larger reduction in liabilities to users, due to timing of player activity, and a larger reduction in accounts payable due to timing of vendor payments.

Investing Activities. Net cash used in investing activities during the six months ended June 30, 2025 decreased by \$382.3 million to \$74.3 million, compared to \$456.5 million in the six months ended June 30, 2024, primarily due to a decrease of \$392.0 million in cash paid for acquisitions, net of cash required, and a decrease of \$10.5 million in cash paid for gaming licenses, offset by an increase of \$16.3 million in cash paid for internally developed software costs.

Financing Activities. Net cash provided by financing activities during the six months ended June 30, 2025 increased by \$305.6 million to \$253.1 million, compared to \$52.5 million used in the six months ended June 30, 2024, primarily driven by \$588.1 million of cash received from borrowing under the Term B Facility, partially offset by \$242.7 million in treasury stock purchases under the Stock Repurchase Program, and an increase of \$43.9 million of RSU withholding activity relating to tax obligations upon vesting of restricted stock units.

Commitments and Contingencies

Refer to “Note 13 — Commitments and Contingencies” of our unaudited condensed consolidated financial statements included elsewhere in this Report for a summary of our commitments and contingencies as of June 30, 2025.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. Our discussion and analysis of the financial condition and results of operations are based on these financial statements. The preparation of these financial statements requires the application of accounting policies in addition to certain estimates and judgments by our management. Our estimates and judgments are based on currently available information, historical results and other assumptions we believe are reasonable. Actual results could differ materially from these estimates.

During the six months ended June 30, 2025, there were no changes to the critical accounting estimates discussed in the 2024 Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in our exposure to market risk during the six months ended June 30, 2025. Refer to Item 7A. Quantitative and Qualitative Disclosures about Market Risk in the 2024 Annual Report.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of June 30, 2025. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, as specified above. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The information required by this item is included in “Note 13 — Commitments and Contingencies” to the unaudited condensed consolidated financial statements, which is incorporated herein by reference.

Item 1A. Risk Factors.

Factors that could cause our actual results to differ materially from those in this Report are any of the risks described in the 2024 Annual Report. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On July 30, 2024, our Board of Directors authorized the repurchase of an aggregate of up to \$1.0 billion of our Class A common stock through open market purchases, privately negotiated transactions or other transactions in accordance with applicable securities laws. Our stock repurchase authorization does not have an expiration date and the pace of our repurchase activity will depend on factors such as our working capital needs, our debt repayment obligations or repurchases of our debt, our stock price, and economic and market conditions. Our stock repurchase program may be accelerated, suspended, delayed or discontinued at any time.

The table below provides information with respect to repurchases of shares of our Class A common stock during the three months ended June 30, 2025:

	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
April 1, 2025 to April 30, 2025	539,815	\$ 33.04	539,815	\$ 791,813
May 1, 2025 to May 31, 2025	190,947	\$ 35.18	190,947	\$ 785,195
June 1, 2025 to June 30, 2025	2,141,058	\$ 35.43	2,141,058	\$ 709,337
Total	2,871,820		2,871,820	

(1) The total number of shares purchased excludes any shares withheld to satisfy tax withholding obligations in connection with the vesting of employee restricted stock units (“RSUs”).

(2) Average price paid per share excludes broker commissions and excise tax.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Securities Trading Plans of Directors and Executive Officers

Certain of our directors and executive officers have made, and may from time to time enter into trading plans or make elections to have shares sold or withheld to cover withholding taxes or pay the exercise price of options, which may be designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

On May 13, 2025, our Chief Executive Officer and a member of our Board of Directors, Jason Robins, entered into a prepaid variable forward sale contract with an unaffiliated third-party buyer, which may constitute a non-Rule 10b5-1 trading arrangement (the “Robins PVF Contract”). The Robins PVF Contract obligates Mr. Robins to deliver to such unaffiliated third-party buyer up to an aggregate of 306,997 shares of our Class A common stock following the May 13, 2030 maturity date.

On May 14, 2025, Jocelyn Moore, a member of our Board of Directors, entered into a trading arrangement designed to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act (the “Moore 10b5-1 Plan”). The Moore 10b5-1 Plan provides for the sale of up to 4,861 shares of the Company’s Class A common stock and terminates on August 29, 2025, or earlier if all transactions under such trading arrangement are completed.

Item 6. Exhibits.

The following exhibits are filed as part of, or incorporated by reference into, this Report:

Exhibit Index

Exhibit No.	Description
<u>10.1+</u>	<u>Amended and Restated DraftKings Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on May 23, 2025).</u>
<u>31.1*</u>	<u>Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.</u>
<u>31.2*</u>	<u>Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934.</u>
<u>32.1**</u>	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2**</u>	<u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104.1	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit).

* Filed herewith.

** Furnished herewith.

+ Management contract or compensatory plan or arrangement.

SIGNATURES

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

Date: August 7, 2025

DRAFTKINGS INC.

By: /s/ Alan W. Ellingson

Name: Alan W. Ellingson

Title: Chief Financial Officer

(Principal Financial Officer)

By: /s/ Erik Bradbury

Name: Erik Bradbury

Title: Chief Accounting Officer

(Principal Accounting Officer)

**Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section
302 of the Sarbanes-Oxley Act of 2002**

I, Jason D. Robins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DraftKings Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: August 7, 2025

/s/ Jason D. Robins

Jason D. Robins

Chief Executive Officer and Chairman of
the Board

(Principal Executive Officer)

**Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section
302 of the Sarbanes-Oxley Act of 2002**

I, Alan W. Ellingson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DraftKings Inc.;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
-

Date: August 7, 2025

/s/ Alan W. Ellingson

Alan W. Ellingson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Jason D. Robins, Chief Executive Officer and Chairman of the Board of DraftKings Inc. (the “Company”), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2025

/s/ Jason D. Robins

Jason D. Robins
Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

Exhibit 32.2

**Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Alan W. Ellingson, Chief Financial Officer of DraftKings Inc. (the "Company"), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2025

/s/ Alan W. Ellingson

Alan W. Ellingson

Chief Financial Officer

(Principal Financial Officer)